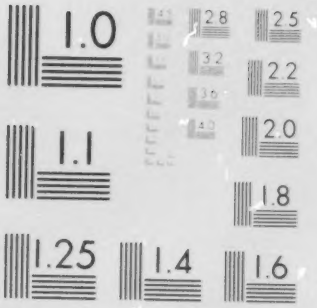

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ABSTRACT

Conference addresses and summaries of group discussion are included in these proceedings of a symposium held to commemorate the 40th anniversary of the U.S. Employment Service and to explore its future role. The first item is a research report, "The Potential Impact of the Employment Service on the Economy," by Charles Holt, followed by responses to it by three discussants. Two other major addresses follow: "A realistic Reappraisal of Employment Service Goals and Objectives in the Year Ahead" by William H. Kolberg; "Relation of the U.S. Employment Service to the Nation's Economic Health" by Juanita Kreps. The text of a panel discussion on the future of the public employment service by Arnold R. Weber, Stanley H. Ruttenberg, and Malcolm Lovell concludes the first section. Section 2 contains presentations to six discussion groups along with summaries of each discussion. Topics are as follows: (1) Improving Services to Employers and Reducing Critical Skill Vacancies--The Vickery Report; (2) Improving the Operation of the Labor Market, the Feasibility of Developing a Computer Matching System, (3) Improving the Quality and Dissemination of Labor Market and Occupational Information for Workers, Employers, ES Operations, and Manpower Planning, (4) Consideration of the Special Needs of Members of Minority Groups, Veterans, Youth, and Older Workers--Employability Development Services to Workers Who Are Not Job Ready, (5) Improving Manpower Service in Small Towns and Rural Areas, and (6) Community Relationships, Working with Institutions from which Substantial Numbers of Jobseekers Flow into the Labor Market. A symposium summary and the names and addresses of participants are also included. (JT)

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Symposium

The Changing Mission of the United States Employment Service: Increasing Productivity and Improving the Operation of the Labor Market

Report of Symposium Presentations,
Discussions and Recommendations on Occasion of the
40th Anniversary Observance of the
United States Employment Service.

June 6, 1973

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Anniversary Theme: "USES: 40 Years of Challenge and Change"

Symposium Committee

Robert J. Brown
Symposium Chairman

John McCauley
Charles E. Odell
Peter G. Petro
Dorothy B. Riefkin

Speakers were encouraged
to express their own judgment freely.
The ideas expressed do not
necessarily represent the
Department's official opinion or policy.

Welcome

40th Anniversary of the Wagner-Peyser Act Celebration

Peter J. Brennan
Secretary of Labor

I AM delighted to welcome you to this 40th Anniversary of one of the great pieces of landmark legislation—the Wagner-Peyser Act.

Back in 1919, testifying before the Congress on an earlier effort to gain a permanent, national employment service system, William B. Wilson, our first Secretary of Labor, pointed out the following:

Every time a workman is out of employment, whether for a short period or a long period, we are thereby reducing the aggregate of production, and it is not only an injury to the man who is out of employment, but it is an injury to the entire community because the entire community must draw upon the aggregate of production."

What we are celebrating today is the creation of an instrument of government designed to reduce those injuries to the individual and to the community from unemployment.

And we are doing more.

We are also celebrating a mechanism designed to end those injuries, not by grafting something new and strange, but by using to the fullest the great flexibility and strength produced by States and central government working together, toward the same end.

And we are doing more.

Not only are we celebrating the creation of an instrument of government that helps the worker, the employer, and the community; not only are we celebrating the design of a system in accordance with the genius of the federal system; but we are also pointing to a system that has *worked,* and worked with increasing effectiveness.

During the 40 year course of the United States Employment Service, it has generated 400 million job placements, provided 48 million job placements, provided 48 million counseling interviews, offered 38 million aptitude and proficiency tests, and helped countless employers find the right man or woman for a particular job.

During those years, the employment service responded to one crisis after another. It has accepted, and accepted successfully, new and urgent assignments to meet changing times and emerging problems.

It began in 1933 with the sharp challenge of unprecedented labor surplus in a nation shaken by the massive unemployment of the Great Depression. In less than 10 years it was called upon to help assure the survival of freedom by solving the labor shortage problems growing out of mobilization for World War II.

Then it went on to deal successfully with the employment implications of a series of sharp recessions in the 1950's with the cycles of war and peace stemming from two Asian conflicts,

with dislocations caused by great changes in agriculture, the rise of automation, and the demand for special skills for the space program.

In the early 1960's, a whole new area of challenge and opportunity opened: helping to meet the special labor problems of those broadly designated as disadvantaged—the undereducated, the unskilled, the unready.

And, most recently, it has responded to the special job needs of veterans and to new methods designed to close the unemployment gap between the veteran and non-veteran population.

If we were meeting here today to celebrate these great accomplishments, this celebration would be more than justified.

But we are doing more than celebrating the accomplishments of the past.

This conference is designed, not to look *back* at the number of challenges and accomplishments crowded into 40 years. This conference is rather designed to look *forward,* to suggest ways by which the employment service can yet be improved, to make USES an even more important, reliable, and productive instrument of the national purpose.

It is for this reason above all that I welcome you to this important celebration , and wish everyone participating in the symposia and other meetings all possible success not only for ourselves but for all of the working men and women in this great country of ours that you all serve so well and in closing I want to thank you for your service, for your cooperation and I hope as long as I'm in the Office of the Secretary we will continue to receive it and I want to promise you mine so we can go on to doing the things we should do for our fellow Americans and selfishly for ourselves. Thank you very much.

Introduction

Robert J. Brown
Symposium Chairman

IN PLANNING the Symposium commemorating the Fortieth Anniversary of the USES we felt it was important to look forward rather than backwards, despite the many challenges and achievements of the organization over the years from 1933 to 1973. We have long been aware, from our exposure to the thinking of the Scandinavians and the manpower deliberations of the Organization for Economic Cooperation and Development, of the basic concepts of an active manpower policy and the concern in all the major industrial nations with the Phillips Curve and the unemployment-inflation dilemma.

By coincidence, we had carefully reviewed and reacted to a study by Dr. Charles Holt and his colleagues at the Urban Institute in 1971 and had incorporated much of Holt's thinking in a Four Year Planning Paper which was prepared for the Secretary of Labor in the Spring of 1972. Holt's paper urged that greater emphasis be placed on labor market strategies in dealing with the unemployment-inflation dilemma. More specifically it called for an expanded employment service capability and in particular a computer-assisted capability to bring jobs and workers together more quickly on a nationwide basis.

We, therefore, decided that the Symposium should concentrate its attention on Holt's concepts thereby affording manpower experts, employment service administrators and staff and interested members of the public to share in his thinking and react to it.

This approach was also felt to be appropriate because of our commitment to the President and to the then Secretary of Labor, George P. Shultz, to implement in phased stages a nationwide man-job matching system for the employment service by 1976. While much progress has been made in implementing this commitment, it has become apparent that computerized manpower retireval and matching capabilities can only become fully effective when there is a better understanding of all the possible uses of the computer in operations and the total staff of the Federal-State system is trained in and committed to using the new technologies in their daily work.

I am indeed pleased to open this Symposium commemorating the 40th Anniversary of Federal-State Employment Services. We have chosen as the subject for this Symposium The Changing Mission of the United States Employment Service: Increasing Productivity and Improving the

Operation of the Labor Market. It is a subject to which all of us assembled here need to direct our attention.

This Symposium was planned not merely to commemorate four decades of service to the citizens of this country through the Federal-State partnership, but more importantly to direct our attention to the role of the Employment Service in the future.

The outcome of this Symposium, however, will be effective and productive only to the extent that each of you participate fully. It is planned as an open meeting with everyone having an opportunity to become involved in the discussion group meetings.

In organizing the discussion groups, we made use of the primary recommendations included in Dr. Charles Holt's basic paper. We plan to publish the proceedings of this Symposium, including a summary of the recommendations made in each of the discussion groups. Therefore, it is important to the sucess of this meeting for you to come forth with your thoughts, ideas and recommendations on the subjects covered.

We feel that the printed report of the Symposium, speech and panel discussions will make a substantial contribution to staff training in the public Employment Service.

The Potential Impact of the Employment Service on the Economy

Charles C. Holt
Senior Research Economist
The Urban Institute

This research was supported by funds from the Office of Manpower Research, Manpower Administration, U.S. Department of Labor, under Grant No. 92-11-72-36, to The Urban Institute, the National Science Foundation, and the Ford Foundation.

Opinions expressed are those of the author and do not necessarily represent the views of The Urban Institute or its sponsors.

I. *The Problem and the Challenge*

This 40th anniversary of the employment service is being held at a time when all levels of government are under increasing pressure to be relevant, responsive, and efficient. Presumably, the time is passing when the mere recognition that a problem exists will serve as sufficient justification for a governmental program to "solve" it. Time will tell how far this public demand for improved performance by government will go, but the thrust is healthy and constitutes a challenge to all government programs and agencies at every level. In addition to this general stimulus, the Nation faces acute economic problems that many economists conclude constitute a special challenge to the employment service and to manpower programs and policies generally.

The dilemma posed by inflation and unemployment is clear for all to see. I think that it is accurate to report that most economists, including the Government's principal economic advisers, are convinced that the manipulation of monetary and fiscal policy has carried us about as far as we can go in achieving full employment and price stability, and that further progress toward these goals will require basic structural improvements in the economy. This does not mean that significant improvements cannot be made in the regulation of aggregate demand, but rather that the resulting additional reductions that take place simultaneously in unemployment and inflation are likely to be small.

If we are to be able to increase aggregate demand and lower unemployment, without, at the same time, inducing inflation, Government poli-

cies designed to improve the structure of the economy are needed on a massive scale. However, if we operate a slack economy with low profits and high unemployment in order to restrain inflation, efforts to reform and improve the economic structure will be painful, ineffective, and stoutly resisted. Hence, the time is past for talking about using either aggregate demand policies *or* structural policies for reducing unemployment. Either taken alone will fail. Both approaches are needed to interact, strengthen, and reinforce the other.

Both political parties have now at last adopted the Keynesian economic doctrine of using surpluses and deficits to regulate aggregate demand, and both parties back this up with monetary measures; unfortunately, these policies are still unable to solve adequately our problems of inflation and unemployment. A post-Keynesian economic policy is needed that will introduce structural changes on a sufficiently large scale to raise the full employment ceiling so that unemployment can be lowered by increasing demand without generating excessive inflationary pressure. Structural changes will be needed that reduce frictions in production and employment, and possibly restraints will be needed in addition, to make the wage and price levels more resistant to inflationary increases.

Unfortunately, there is no general agreement among economists on *exactly* which structural improvements are likely to be most effective. However, research clearly indicates that improvements in the functioning of the labor market are essential if unemployment is to be significantly reduced, without triggering higher inflation.* Thus, enlarged and improved manpower programs and policies will constitute a necessary complement to governmental policy for dealing with macroeconomic problems. When these problems become more urgent and the needs for manpower programs become more clearly understood, new governmental actions undoubtedly will be initiated with the usual requirement of delivering results yesterday.

With the partial exception of wage and price controls, the Federal Government has not yet faced up to the now urgent need for structural improvements in the economy, but the cost of not acting already is tremendous. The Council of Economic Advisers has estimated $90 billion as the cost in lost production of demand-slackening efforts in recent years to slow inflation,* but inflation is still not under control. We do not yet know with any precision how large a contribution manpower programs will be able to make to the needed structural changes in the economy, although proposals and impact estimates have been made at the Urban Institute and by other analysts.*

The critical dilemma for economic policy in the United States arises because inflationary pressures on money, wages, and prices occur if a high level of aggregate demand is sustained. Labor turnover, job search time, market barriers, and imbalances in the labor market all operate to prevent unemployment from reaching an acceptable rate, unless the level of demand and job vacancies is raised so high that inflation results. Structural problems in the labor market prevent unemployed workers from finding jobs quickly enough or keeping them long enough, except when demand is raised to inflationary levels. It is clear that institutional changes in the labor market have the potentiality to improve information flows between employer and worker, decrease barriers, speed the movement of workers geographically, and train for skill shortages.

Concentrations of corporate and union power affect wage and price differentials, but they can also interact to raise the inflation rate, so other measures may be needed as well. However, the structural frictions that occur in the labor market certainly contribute to our inflation-unemployment dilemma. A reduction of these frictions would yield a better unemployment-inflation trade-off.

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* See *The Unemployment-Inflation Dilemma: A Manpower Solution*, by Charles C. Holt, C. Duncan MacRae, Stuart O. Schweitzer, and Ralph E. Smith, The Urban Institute Monograph 38-350-27, 1970, and "Manpower Policies to Reduce Inflation and Unemployment," by Charles C. Holt, C. Duncan MacRae, Stuart O. Schweitzer, and Ralph E. Smith, in *Manpower Programs in the Policy Mix*, Lloyd Ulman, ed., Johns Hopkins University Press, 1973.

* Based on estimates provided in the 1970 *Economic Report of the President*, Government Printing Office, Washington, D.C., January 1970; see *The Unemployment-Inflation Dilemma: A Manpower Solution*, op. cit., p. 37n. Actually, the CEA game plan estimates were expressed in terms of the project GNP gap. These estimates reflect the costs of the use of fiscal and monetary measures to restrain inflation and may have been unavoidable, given the structural problems and the inadequacy of governmental programs to affect structure.

**For example, see the following references: Rehn (10), Holt, MacRae, Schweitzer, and Smith (8) and (9), Hall (5), Striner (11), HEW Task Force (6), Bakke (1), Feldstein (3), and Hallman (12), at end of this paper.

Since the role of the employment service places it in the center of any manpower policy thrust, this anniversary symposium comes at an ideal time to take stock, to look ahead, and to set new targets. The additional problems associated with poverty, productive efficiency, and adjustments to changes in the pattern of world trade constitute continuing and new challenges to manpower policy. I conclude that these urgent national problems will, in the years ahead, present our manpower programs and the employment service in particular with their greatest challenge. The critical question is whether government can respond effectively to that challenge.

In addressing professionals who have been struggling with manpower problems for years, I am extremely humble as an economist in urging on you the macroeconomic problems that my profession was supposed to solve. I am convinced that the Nation must look now to you to make a significant contribution toward solving the inflation-unemployment problem, plus continuing your earlier responsibilities.

At severe risk to oversimplification, let my try to summarize in a few sentences the principal thrust of what I have been saying. Governmental efforts to reduce unemployment just by stimulating demand to increase the number of jobs will not succeed for long because the resulting inflation will force a reversal of policy. However, if this increase in jobs is accompanied by effective manpower measures that reduce job search time and reduce labor turnover rates, then the resulting reduction in unemployment would fill the new jobs without causing inflation. No one argues that this is the *whole* story in controlling inflation,* but that is no reason for not urgently addressing the questions of how manpower programs can be made to have the required impacts and what scale of programs is required.

II. *The Gap Between Where We Are and Where We Would Like to Be*

A group of researchers at The Urban Institute has, for several years, been working to improve our understanding of the inflation-unemployment trade-off, the role of labor market processes in determining that trade-off, and the potential impact of manpower programs and policies in improving it. In what follows, I draw freely on the work of my colleagues.

In designing a set of programs it is useful to set out long-term objectives and then to lay out a sequence of short-term plans for getting there. From the basic objectives of minimizing inflation and unemployment, we can, through the use of labor market theory, derive a set of specifications for a system of manpower programs and policies. One formulation of long-run employment *objectives* is the following: Implications for the role of the employment service will emerge from consideration of the objectives for manpower programs generally. We start by considering the transitions of young people into the world of work, and then tracing their later needs.

In school each young person, in addition to acquiring basic knowledge and discovering how to learn, would become acquainted with vocational alternatives and learn *how* later to pursue vocational training and jobs. When the student turns worker, he would receive counseling on an individual basis, vocational training and education as needed, before or after placement, and information and help in searching for jobs. Referrals would be made *only* to job openings with reasonably good prospects of mutual interest to workers and employers. Later, the worker would receive aid in achieving his maximum of earnings and work satisfaction through internal upgrading, external training, or geographic mobility.

The employer would receive information on the labor supply aspects of plant location. In organizing work, he would receive information on the occupational labor supply in the local community. In recruiting, he would receive advice and worker referrals that had reasonably good prospects of mutual interest. Where problems were encountered in hiring or retaining workers, the employer would receive desired aid in the form of technical assistance in job restructuring, etc. Together these services would contribute to low labor costs and turnover.

Jobs and services would be available to all on a nondiscriminatory basis.

The Government would participate in these functions by offering free or partially subsidized services to the extent justified by: economies of scale, social justice objectives related to income distribution, and external impacts on others than the private decisionmaker. Otherwise, the services would be organized by private agencies. The

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* In particular, the temporary impact of food prices of a worldwide crop failure, or concentrations of market power in hands of corporations or unions, would be affected only indirectly by manpower programs and policies.

amount and quality of information and services offered would depend on balancing the costs and benefits of the system.

Overall, such a system should be designed to achieve an optimal balance of income, work satisfaction, and production costs. This implies socially optimal turnover rates, job search duration, and unemployment rates. The fluidity of human resources, occupationally and regionally, would maximize the production response to changes in the demand for goods and services and would minimize the inflationary response. Above all, the system would be efficient in rendering specialized, subtle, relevant, and timely services and information. Unlike the often rather mechanical character of the production processes themselves, such very personal services directly to people and indirectly to people through employers, require *great* insight in understanding human aspirations, capabilities, and satisfactions. This sketch necessarily involves much more than the employment service or even manpower programs.

Although this specification of objectives may sound utopian, nothing less can fully satisfy the right of each individual to the economic and psychic *rewards* from work that still constitute the mainstay of a free and healthy society.

How do our present manpower institutions and the employment service, in particular, measure up to these objectives? First, legislation has been passed by the Congress establishing categorical programs with terribly broad objectives designed to muster the maximum constituency support. Such *diffuse* objectives make it very difficult for program administrators to design efficiently targeted programs. Second, the programs often are fragmented and limited. Third, as the employment service has painful reason to know, if objectives are changed annually, then the organization is in a perpetual startup mode and never can reach full efficiency. Fourth, in the subtle field of human services, all programs that are plausible are not necessarily effective; hence, there is an acute need to carefully design programs and then experiment and evaluate on a small scale, rather than subject the whole organization to a continuous series of costly, uncontrolled experiments. This is rarely done, with the result that programs often are unresponsive to individual needs and are less than fully effective.

Unfortunately, neither political party has a monopoly on these characteristics—they occur under the administrations of both. The War on Poverty rushed many untested programs into the field, but the untested Job Bank program was much the same. In manpower revenue sharing we are again engaged in a big experiment on the whole system on the untested hypothesis that because Washington doesn't know how to do the manpower job with full efficiency, that the States and locals must. I cite these cases not to criticize, but to characterize how we have been operating and continue to operate, manpower programs. I hasten to add that these points apply as well to many governmental programs.

Opinions differ on how far the present operation of the labor market deviates from "ideal." Some economists, in particular, think that the labor market is quite efficient, and if it were not, privately owned, profit-motivated employment agencies, training schools, etc., would spring up to meet the needs. However, we know that a great many workers seek jobs by asking their next-door neighbors and their borthers-in-law. Whatever may be said about the depth and quality of personal knowledge in such cases, this thinness of the job search can hardly be defended as adequate.

Compared with the economies of other industrial countries, our economy generates excessive inflation at a higher rate of unemployment than others do. The reasons are still unclear, but the evidence points to relatively high turnover rates in the United States.* In any case, the fact is that the American Government, under both parties, in setting aggregate demand policies, has settled for high unemployment rates compared to other industrial nations.

Our aggregate demand policy encourages workers and their unions to try to protect their jobs from competition by introducing various barriers and rigidities. Also, in a slack labor market, employers can, without incurring significantly higher costs, discriminate, set unnecessarily high credential and experience standards, and underinvest in training. These actions by workers and employers segment and stratify the labor market and thereby contribute to the unemployment and inflation problems. Workers who are least able to protect themselves in a slack labor market, i.e., blacks, women, youth, unskilled, undereducated, and otherwise disadvantaged, must struggle against these barriers and find that upgrading their employment and wages is slow

* See table 4, p. 126, in Robert Flanagan's paper (4), and unpublished work by Nancy Barrett, American University.

and difficult. Those workers dissatisfied with their inability to advance respond with increased turnover and absenteeism and lowered productivity and motivation. The rigidities and inefficiencies in the labor market cause significant problems, even for highly skilled industrial workers, technicians, and engineers, when shifts in the pattern of demand occur, or when changes in the composition of international trade necessitate adjustment.

The structural problems in the labor market worsen the inflation-unemployment trade-off. The slack demand policy designed to restrain inflation produces high unemployment. This, in turn, worsens the structural problems.

Thus, there is a tremendous gap between our full-employment/inflation objectives and the present performances of our manpower programs and aggregate demand policies. While the Department of Labor can do little directly about the latter, it has prime responsibility for the former. Although the Council of Economic Advisers in the annual *Economic Report of the President* is often quoted on the need for manpower programs in relation to national economic objectives, there is little evidence that the full significance of the interaction between demand and structural policies is yet understood.

III. *Essentials for Closing the Gap*

Although the prime objective in this paper is to try to convey to this symposium the urgency, the challenge, and the opportunity that our economic problems constitute, I would like to go beyond that and try to suggest how we might proceed to try to close at least some of the gap between the present situation and the labor market objectives previously outlined.

It is obvious that for the employment service and other programs in the Department of Labor to attempt to meet larger national responsibilities, there would have to be clarification of objectives by the executive and legislative branches of the Federal Government, backed up by the required resources. But this is contingent upon convincing the Office of Management and Budget and the Congress that the money would be spent well.

If the employment service could escape for a while from being whipsawed by changing objectives, etc., it could, undoubtedly, make significant improvements through organization and administration. However, I would argue that the problems go much deeper than that. The role of the employment service is *terribly* difficult. For example, how do you counsel a young person on the occupation that would, over the next 30 years, give him the greatest total of earnings and satisfaction? In an area that has received much more study, i.e., helping an employer to predict the prospective productivity of a worker, industrial psychologists are able to explain only about a third of the variability (variance) between workers. The employment service can process some useful information, but it can't be genuinely helpful unless it can interpret the action implications of the knowledge for the individual worker and employer. This limitation on performance can be traced, in part, to the fact that industrial engineers and psychologists still don't know much about the dimensions of workers and jobs that interact to determine productivity, satisfaction, and turnover, and economists still can't explain exactly how labor markets, which constitute our most important and complex market system, operate. In short, we don't yet know *how* to do the job that needs doing in order to meet our manpower objectives.

How then should the employment service, and other manpower programs, proceed to meet this great challenge? No one can really answer that question, but certain things follow:

(a) Clear, ultimate, and interim objectives need to be established, and plans laid in terms of resources and performance measures.

(b) A long-term organizational process needs to be planned for generating the knowledge, testing it, and introducing it into operations. This will involve a long-term plan for a costly program of research and experimentation. Both in-house and outside research and experimentation would be needed to generate the necessary knowledge —and test it. Then pilot programs and evaluations would be needed, finally followed by full-scale operating implementation. In view of the scarcity of research talent in these fields, it is clear that a federalized effort is needed.

(c) The organization and its staff selection would need to be specifically designed to generate and accept innovations. This means high-quality personnal in a fluid structure that stresses communication and receptivity to change. The operating organ-

izations would need to include research personnel to enable operating problems to be formulated for research attention and to help apply research findings to operations. Resource allocations would need to be geared to performance measures so that there would be incentives to use program evaluations for improving performance.

(d) An extensive training and retaining program would be needed to make effective use of the new knowledge and the experience of present personnel.

(e) So much work needs to be done that the best efforts of private, as well as public organizations, will be needed and the employment service should be structured to utilize private cooperation, wherever it is effective to do so.* However, I think that the Federal Government needs to take responsibility for attaining the functional integration of the nationwide system of State and local components.

(f) Time would undoubtedly be saved by the federalization of the employment service, although a long and painful political struggle might not be worth the cost. Federalization of the employment service is not inconsistent with, and might even facilitate, decentralization of training and other manpower programs, at the State and local levels. A tight communication system, through the employment service, could speed the dissemination of centrally generated technical know-how and report back on local performance in order to attain a good mix of Federal and local participation.

Manpower programs involve many interacting facets which require coordinated programs. Broadening and deepening the employment service would require parallel developments of other manpower programs if significant reduction of unemployment and inflation were to be attained. Parallel changes in aggregate demand policy would be needed, possibly including policies aimed at regulating the regional and industrial composition of demand.

A study was made at The Urban Institute to explore the size and content of expanded manpower programs which would be needed to have a macroeconomic impact through improving the structure of labor markets and employment. The resulting proposal follows in summary form.

IV. *A Program Proposal*

The following summary proposals have been made by my colleagues, C. Duncan MacRae, Stuart O. Schweitzer, and Ralph E. Smith, and me at The Urban Institute. They cover five broad program areas: job matching services to speed placements and reduce turnover, vocational counseling and employment opportunities for youth to reduce their high turnover and increase subsequent productivity, training and job restructuring to reduce inflationary shortages of skilled workers, geographic mobility assistance to reduce inflationary labor shortages and pockets of high unemployment, and lowering institutional barriers in the labor market. The recommendations in brief follow:

A. *Matching Workers, Jobs, and Manpower Services*

There is a great potential for improvement in the employment service function of bringing together workers, employers, and employment-related services. We propose* (IV-a) that the Federal-State employment services be restructured so that each office will assign some staff counselors and interviewers specifically to serve the needs of workers, and some similarly committed to employers. To help motivate and guide the employment service staff in making the matches that will best reduce inflation and unemployment, while giving special consideration to workers and employers with problems, we propose (IV-b) the use of incentive formulas that are suggested by labor market theory. In particular, *quality* of placement, measured in terms of job tenure, should be stressed to reduce turnover.

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* The relations between public and private placement agencies have always been touchy, because they were dominated by competition rather than cooperation. Compensation by means of vouchers could be used to motivate the service performance of both types of agencies, but careful experimentation would be needed in advance to determine the institutional impacts. For more specific discussion of such issues, see appendix B.

* *Manpower Programs to Reduce Inflation and Unemployment: Manpower Lyrics for Macro Music*, by Charles C. Holt, C. Duncan MacRae, Stuart O. Schweitzer, and Ralph E. Smith (The Urban Institute Paper 350-28, December 1971, Washington, D.C.). Each proposal below is keyed to the corresponding chapter and recommendation in the original report. Chapter IV deals specifically with the employment service function and is included as appendix B to this report.

To improve the functioning of private employment agencies, we propose (IV-c) that fee-splitting, standards, etc., be established so that the public and private agencies can cooperate in achieving a flexible *nationwide* placement system.

Since some of the employment service functions are amenable to automation, and others are not, we propose (VI-d) the urgent development and installation of a nationwide, computerized, manmachine system which would incorporate behavioral relationships to help predict, for human followup, which of the astronomical number of possible matches holds the greatest promise of being both satisfying for the worker and productive for the employer. The critical problems of designing a computerized system for matching workers and jobs are not technical computer problems—rather, they are the manpower problems of selecting the relevant information about worker and jobs, and weighing that information in the decision process.

To improve substantially the quality of the employment service, we propose (IV-e) upgrading and expanding the staff and establishing salary levels to attract and retain well qualified professionals.

We propose (IV-f) that the Federal Government take the lead in organizing, funding, and coordinating the Nation's public-private employment service system, roughly tripling its present capacity.

B. *Reducing the High Unemployment of Young People*

Certain groups, including youth, blacks, women, and the disadvantaged, suffer relatively high unemployment rates. Reducing the unemployment problems of youth contributes to solving the labor market problems of the other groups, and getting youth off to good vocational starts can produce lifetime benefits. For both teenagers and blacks, more emphasis needs to be placed on preparation for jobs that will last and be worth keeping, and less on simply producing short-term placements. Their high unemployment is largely due to high turnover rates, not to prolonged job search.

We propose (V-a) that existing vocational education and manpower programs serving youth be redirected toward preparation for employment that will be more stable as measured by reduced turnover rates.

High school programs for students, even in vocational schools, are weak in vocational counseling. There is less than one counselor per school, and counselors frequently lack suitable training. We propose (V-b) more cooperation between schools and the employment service, doubling the number of counselors and improving their training

To improve the transition from school to work, we propose (V-c) that school work-study programs begin for younger students, and the employers be subsidized so that they can afford to offer students valid work experience.

C. *Reducing Critical Skill Vacancies*

When the occupational composition of the work force does not match the distribution of skill requirements, wages go up in the shortage occupations, and those increases spread through the economy. Therefore, we urge recruitment of labor from less tight occupations, along with necessary job training to fill the critical job shortages.

To do this, we propose (VI-a) a data and analysis effort to anticipate, or, at least, quickly identify the occupations that are in short supply.

To respond to these scarcities, we propose (VI-b) a major expansion of training that is closely tied to anticipated needs for skilled workers.

Many skilled worker shortages can be avoided by restructuring jobs so that they can be filled by available workers. We propose (VI-c) that the employment service add industrial engineers and psychologists to assist employers in solving their problems with shortages of skilled workers.

Many skilled women, or women capable of readily learning skills, are unable to work because of the lack of adequate child-care facilities. We propose (VI-d) subsidizing day-care centers to enable these mothers to help ease the skilled shortages.

D. *Reducing Geographic Imbalance*

The large distances between job markets cause able workers and good jobs to go begging simultaneously. Self-adjustments of the market are inhibited. The travel hurdle poses particular problems to the poor and disadvantaged. We propose (VII-a) a new mobility assistance program for regional labor shortages and the disadvantaged.

To implement this program, we propose (VII-b) an employment service that will *function* nationally to help workers move and supply financial assistance to aid their moves (VII-c).

E. *Reducing Institutional Barriers*

Institutional barriers in the labor market based on discrimination, licensing, union membership, and so forth, inhibit the response of labor to production requirements and, thereby, increase unemployment and skill shortages, the latter in turn contributing to inflation. We propose (VIII-a) that a Presidential commission focus on developing active and effective governmental policies for dissolving artificial barriers to employment. Existing Federal institutions are concerned with discrimination based on age, race, and sex, but the reduction of labor market barriers involves many other issues of policy and legislation.

Ideally, such proposed programs should be carefully designed and tested *before* nationwide implementation.

No panaceas can be proposed for achieving the needed structural changes in the labor market. The employment service has not yet been assigned the responsibility for trying to help all workers, employers, community organizations, and governments concerned with manpower issues to work together in achieving an efficient and just labor market. I am not sure that the employment service is ready to assume that responsibility, and certainly, there is much more required than just the financial resources to do so. But, I urge the employment service and the Department of Labor to prepare for the challenge and work toward a capability to help reduce both unemployment and inflation, while continuing to pursue their present antipoverty efforts.

BIOGRAPHY

Charles C. Holt is senior research economist with The Urban Institute. His previous affiliations include the University of Wisconsin's Economics Department and Social Systems Research Institute, the London School of Economics, the Carnegie Institute of Technology's Economics Department and Graduate School of Industrial Administration, and the Massachusetts Institute of Technology's Servo-mechanisms Laboratory. Dr. Holt is a member of the American Economic Association, the Econometric Society, the Institute of Management Science, the Association for Computing Machinery, and the Industrial Relations Research Association. He has served on many national committees, including the Committee on the Proposed Federal Statistical Data Center, the National Science Foundation's Economics Research Panel, the National Science Foundation's Review Panel on Interdisciplinary Research Relevant to Problems of Society, and the Census Advisory Committee of the American Economics Association.

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Symposium Discussant

Dr. Robert E. Hall
Associate Professor
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Although I have occasionally been critical of the comprehensive revision of Federal manpower programs proposed by Dr. Holt and his group at The Urban Institute, I find myself in agreement with almost everything this paper says, apart from its specific proposals. There is general agreement that there are substantial problems in labor markets revealing themselves as levels of unemployment that cannot be reduced to satisfactory levels by aggregat expansion, at least for very long. Few economists today are optimistic about the prospect of achieving an acceptable combination of inflation and unemployment through management of aggregate demand alone. The United Staates is by no means alone in this regard—most countries in Europe are struggling with inflation even worse than ours. Since these countries spend a larger fraction of their incomes on manpower services, we should not take it for granted that expansion of our program would necessarily achieve an economy of low inflation and low unemployment.

The main theme of Holt's paper is that not all programs that are plausible turn out to be effective. Good intentions and high levels of funding don't guarantee success in programs of social intervention. At the moment, it is lack of knowledge as well as lack of resources that holds the employment service back from making labor markets perform satisfactorily. As he points out, the lack of knowledge is fundamental. It is hard to convince engineers and technicians, especially computer specialists, that the problem of matching workers and jobs is more than just figuring out a way to bring together two very large files of data. We don't know what data ought to be in the files. We aren't even sure that an elaborate, successful matching system would reduce unemployment at all. Making it easier for workers to find new jobs and for employers to find new workers may stimulate turnover, which may actually increase unemployment.

It would not be fair to economic science, however, to suggest that it has ignored the questions

posed by manpower policy in its relation to unemployment. There is a growing body of thought on this subject, to which Holt has been an influential contributor. A major theme is that an important source of the difficulties in American labor markets is an inappropriate mix of jobs available —too few good jobs and too many bad jobs. This situation is sustained by the self-interest of the holders of good jobs. In this kind of economy, the employment service has listings almost exclusively of bad jobs, but workers are really looking for good jobs. No one is happy with the role of the service in this kind of economy, and in fact it is not accomplishing very much. If the market were more in balance, the service would be more useful, listing more of the jobs sought by the unemployed. This suggests a strong complementarity between programs for breaking down barriers in the labor market and developing more good jobs, on the one hand, and the activities of the employment service on the other.

I find the concrete proposals of Holt and his group somewhat deficient from this point of view. They emphasize streamlining the labor market, partly by a very large expansion of the employment service. Although they are aware of the problem of systematic, permanent imbalance in the labor market, they do not emphasize it, and do not make specific proposals. Their program thus fails to take advantage of the complementarity of the employment service with other programs of job development.

I think I should mention if you're interested in pursuing the interchange between Charlie Holt and myself that it was published in the Brookings Papers on Economic Activity, 1971, number 3, rather than elaborate further now. But let me just reiterate one point, and that is my question: what is the point of recommending an expansion of the employment service, specifically tripling as proposed here, in the kind of economy that we have today? The only kinds of jobs that are listed with the employment service today, apart from those that are compelled to be listed, are what I've characterized briefly as bad jobs. I attempted to classify the jobs in the economy on the basis of whether the employment service would be useful in today's economy in filling these kinds of jobs or whether they fill themselves. One implication of this kind of theory is that good jobs fill themselves. There is always a queue of people waiting for good jobs. In an earlier conversation Nat Goldfinger asked the question, why aren't Government jobs filled through the employment service? Well, they don't have to be because by and large, they're good jobs and they fill themselves. It turns out about one-third of the jobs in the economy are in markets where the employment service is likely to be useful and in fact is very active right now. This includes jobs in institutions, small enterprises, farms, domestic work, odd jobs, service and repair work. That adds up to about 35 percent of all jobs. The rest of the economy offers good jobs and jobs that fill themselves and where currently the employment service does not, as I understand it, receive very many listings and doesn't have a very important role in filling jobs. Well, that is two-thirds of the labor force, or two-thirds of the jobs. The whole proposal is essentially to triple the employment service to cover the whole economy rather than just the third it's covering right now. That suggests that the employment service without transforming the nature of the economy could provide a useful service in the 65 percent of the labor force where I don't feel much service could be offered. Therefore, I want to restate that it's the complementarity between placement services and job development opening up good jobs that seems important. The expansion of the employment service is not particularly desirable in my opinion since it's a rather expensive operation. I don't think it's quite fair to say we can't solve problems but let's solve one problem by tripling the employment service. That misses the point that tripling the employment service would only be useful if you were given a lot more jobs to fill.

BIOGRAPHY

Robert E. Hall is associate professor of economics, Massachusetts Institute of Technology. He has also served on the faculty of the University of California, Berkeley, where he also completed his undergraduate work in economics in 1964. He received a doctorate in economics in 1967 from the Massachusetts Institute of Technology. He holds a number of honors and has received numerous fellowships. Among them, Phi Beta Kappa, 1963, Woodrow Wilson Fellowship (Honorary), 1964-65; National Science Foundation Graduate Fellowship, 1964-66; Ford Foundation Dissertation Fellowship, 1966-67; Ford Foundation Faculty Research Fellowship, 1969-70; and the Social Science Reserach Grant, 1972. He has served or is serving on the editorial staffs of the Journal of the American Statistical Association, Econometrica, the Journal of Econometrics, and the American Economic Review. He has been a member of the National Science Foundation Advisory Panel for Economics and is currently serving as senior adviser of the Brookings Panel on Economic Activity.

Symposium Discussant

Nat Goldfinger
Research Director
AFL-CIO

As we in the labor movement look at it, the employment service can and should be a key part of an effective national manpower policy and program. I am sure you have heard this point repeated by trade union people, time and again, over the years. However, despite some improvements several years ago, the employment service is still a long distance from performing this key function. Unfortunately, the present trend, as I see it, is a reversal and backward movement from the direction this agency should be taking. This reversal is related to the administration's basic policies, rather than to the employment service itself.

The crucial trouble at present is not the poor percentage of listings of job openings, the lower end of the job market that is persistently serviced by this agency, or the failure to maintain high quality performance standards from one community to another and from one State to another. It is not even the persistent overall failure of the employment service to fulfill its mission of assisting workers of various skills and occupations to find adequate jobs at their skill levels, of assisting employers to fill job vacancies across the range of skill and occupational requirements, of helping to upgrade the skills of the labor force in fulfilling the service's mission, of providing both workers and employers with a people-oriented service as an essential part of a modern social and economic order.

The major current problem, as I see it, is a reversal from even the unsatisfactory small and halting forward steps toward fulfilling the employment service's mission that the service took, on occasion, during the past decade. The trouble at present—and it is a serious and growing problem—is underfunding, the impoundment of appropriated funds and, particularly, the so-called revenue sharing policies of the administration, which are undermining manpower programs and threatening to downgrade the employment service.

So I shall not dwell at this time on the age old

problems of the employment service that stem from within the agency itself. Those failures of omission and commission, unfortunately, are many. Probably my friend and brother, Lou Levine, who has direct and daily contact with the operations of employment service offices, will deal with those issues in a much more knowledgeable manner than I can. So, for the moment at least—in the light of Dr. Holt's paper and the backward movement of basic economic and social policies—the employment service is off the hook.

The major problems, as I see them at this time of the 40th anniversary, are not within the employment service. The major immediate problems and obstacles are elsewhere. They are in the administration's economic and social policies. In addition, as presented here a few moments ago by Dr. Holt, there is also a problem among academic and foundation types about the identity, mission, and objective of the employment service.

We were given a long and learned paper by Dr. Holt which dealt, in part, with an unemployment-inflation trade-off—the conventional so-called wisdom of the group that dominates American economics today. One underlying theory of Dr. Holt's paper is that the employment service is somehow supposed to reduce inflationary pressures and that is supposed to be your mission, a major objective of the employment service.

I have grave doubts about this theory. Frankly, I wonder if Dr. Holt knows what he is talking about in that regard. Among other things, I think he is dealing with a case of mistaken identity. The mission and objective of the employment service, as I understand the statute on which it is based, are to assist workers and employers along the lines I described a couple of minutes ago. I hope that you would fulfill that mission. However, Dr. Holt apparently wants the service to be something it is not and to fulfill a mission it was never meant to fulfill. It Dr. Holt and his learned colleagues were capable of changing apples into oranges and vice versa, maybe his own theory would have some applicability. But they don't have such capability. And we poor mortals have to live in a world of realities, of people and institutions and statutes, with their identities, their functions, and their objectives.

The employment service should be criticized—and castigated, if necessary—for failing to do what it is supposed to do and meant to do. It should not be blamed and criticized for failing to do what it is not meant to do and cannot do.

For example, the unemployment rate in the past 7 months has remained stuck at about 5 percent—5.2 percent of the labor force, in the midst of a sharp rise of economic activity. At the same time, the rate of inflation has accelerated sharply.

Now, what can you, in the employment service, do about this sharply accelerated pace of inflation? Indeed, what factors in the labor market are responsible for this accelerated rate of inflation that got under way during the second half of 1972?

What can the employment service do to reduce the fantastic rise in the price of soybeans from $3.54¾ a bushel in mid-April 1973 to $11.57 a bushel on June 1, 1973? Or to stabilize the prices of corn, wheat, cotton, or steel scrap? Or what can you, in the employment service, do about the fact that land costs are rising about 10 percent—20 percent annually, year after year, with clear and direct impacts on housing costs? Or what can you in the employment service do about the rising trend of interest rates, in these recent months, which apply upward pressures on costs and prices throughout the country?

Obviously, you cannot do anything about such inflationary factors and you should not be blamed for such inherent inability. In fact, it is irresponsible to expect the employment service to do anything about it.

Dr. Holt's mathematical formula approach sounds very learned and looks good on paper. But frequently, this approach adds up to a copout, in terms of facing the world's real problems and trying to develop workable solutions, in terms of real human institutions. I am not saying that, at some point, there is no inflation-unemployment relationship. There is. However, that is not the problem at present. It is not a factor of any significance, whatsoever, in the accelerated inflation of the past 6 to 10 months. In fact, it has hardly been much of a factor, at all, during the past 26 years since the adoption of the Employment Act of 1946, except for a few brief and temporary periods.

For two decades now, there has been a declining national interest in achieving and maintaining full employment. Even in the early 1960's, the emphasis was on the urgent necessity of reducing the persistent high levels of unemployment that had moved over from the latter 1950's; but it was not on the policy objective of achieving and maintaining full employment. Over the 26 years since the adoption of the Employment Act, we have

had an average unemployment rate of 4.7 percent, which is a long way from full employment, by almost anyone's definition of the term. So a key factor concerning the job market has been a lack of sufficient job creation—particularly, as Dr. Holt indicated a little while ago, of the better paying, long-term jobs, with opportunities for upgrading.

Look at recent trends. The number of production and maintenance jobs in manufacturing industries in May 1973, according to the most recent report of the Labor Department, was something like 300,000 less than it had been before the 1969-70 recession, at the peak reached in August 1969. By and large, that represents a loss of about 300,000 better paying jobs.

If you look down the list—construction, transportation, public utilities, mining, agriculture, and so on—you can see that there has been a substantial net decline of blue-collar jobs, most of them better paying jobs, while there has been, at the same time, a substantial rise in other kinds of employment. But a large portion of those other kinds of private employment—such as in retail trade and the various services—has been in part-time work, frequently low wage and often reflecting underemployment.

Here is a major problem affecting the job market. And here is a problem of general economic policy, related to the labor market, that deserves and needs major focus and major attention. But this failure of job creation is not the fault of the employment service. Even if the service functioned as it should, it could function only within the framework that national economic policies provide. And national economic policies have not provided enough decent paying jobs, during most of the years since the adoption of the Employment Act of 1946.

This nation has needed and now needs policies and programs to provide enough decent paying jobs for a rapidly growing labor force in a period of radical technological change and fast rising productivity. Despite any contrary comments you may hear, the fact is, according to the Bureau of Labor Statistics, that output per man-hour (productivity) in the total private economy rose at an average yearly rate of about 3.2 percent between 1947 and 1972—and that is some 40 percent faster than the average yearly rate of productivity advance in the previous 28 years from 1919 to 1947. Job creation has to face up to the reality of an accelerated rise in productivity since the end of World War II.

The United States has needed and now needs policies and programs to meet the urban area job needs that have been created by the great migration of the population, during most of the past three decades, out of agriculture and the rural areas into the cities, particularly the big cities of the North and the West.

America has needed and now needs policies and programs to halt the export of American jobs and the erosion of the Nation's industrial base resulting from the deterioration of America's position in international economic relationships.

Aggregate fiscal and monetary policies alone cannot possibly provide the answer. They cannot, in themselves, create the number and types of jobs that are needed. They cannot halt the destruction of American job opportunities by a rising flood of imported manufactured goods, or the erosion of America's industrial base by the mushrooming foreign operations of American companies through foreign subsidiaries and patent, license and joint-venture arrangements.

I agree with Dr. Holt that aggregate economic policies, alone, will not and cannot answer the problem. But the problem is not simply a manpower problem, as he seems to pose it. Manpower training, without decent paying jobs at the end of the training period, is merely a meaningless and frustrating deadend. The problem is essentially one of creating enough decent paying jobs in this period of rapid and radical changes in labor force growth and technology, industry and population location, skill requirements, and international economic relationships.

As we in the AFL-CIO see it, that means an emphasis on job creation in housing, in mass transit, in rebuilding the urban areas, in meeting the needs of the American people for expanded and improved public facilities and services.

To us it also means that to the degree to which the regular channels of the economy fail to create enough jobs, it is the obligation of the Federal Government to provide sufficient funds for a large-scale, public-service employment program—to create the required jobs in performing the public services that are needed in the parks and recreational areas, schools, libraries, health care, and similar public facilities.

Under such conditions, manpower training programs, and a needed Federal system of relocation allowances for unemployed workers and their families, could perform their proper role of assisting workers to obtain a place on the job-and-income ladder and to upgrade skills to meet the employer's job requirements.

Within such context, the employment service can and should perform an important function. For example, if the employment service, through much-improved operations, were to reduce the average duration of unemployment by only 1 week, it would perform a useful service to workers and their families, to employers, and to the community-at-large. Within such a context, a properly functioning employment service can and should be a key factor in the Nation's labor market. To the extent that such an employment service, within an economic environment of rapidly growing job opportunities may occasionally play a small part in reducing inflationary pressures, that would be fine. But the key requirements are a full-employment economic environment, with sufficient decent paying jobs and a nationwide employment service that provides adequate assistance to workers and employers in the functioning of the labor market.

In conclusion, I think that a Federal nationwide employment service is essential. It is essential for workers and for employers. It is essential for social policy and economic policy in the world of the 1970's.

This need, unfortunately, is the exact reverse of the direction of Federal Government policy today.

The need is for strong and effective Federal direction of the employment service and manpower programs—strong, effective, and specific Federal direction and Federal performance standards. We are dealing with a national labor market and with national economic and social problems that extend beyond the boundary lines of cities, counties, or States.

Measures to deal with such a labor market and such problems cannot and will not be adequately and effectively handled by the destruction of Federal direction and Federal performance standards, by dismantling national programs, by throwing these national issues to the States and local governments through the administration's device of underfunded, so-called revenue sharing. Nor can such national issues and problems be handled by subsidizing individual employers or by undercutting the employment service through formalized, cooperative arrangements with private employment agencies—suggestions that were made from this platform a little while ago.

It is now 40 years since the employment service was established. But we do not yet have the nationwide service, with strong Federal direction and performance standards, that we need. There have been altogether too many failures of omission and commission over the years, stemming from within the employment service, that have prevented the agency from becoming what it should have been and what is needed. But there have also been more serious failures of omission and commission during many of the years in the past couple of decades, in terms of Federal Government's basic economic policies. And, at present, these failures and setbacks in terms of Federal Government policies are far more serious, since they represent a reversal rather than further progress.

BIOGRAPHY

Nathan Goldfinger is director of the AFL-CIO Department of Research. He has held the position since 1963. Mr. Goldfinger was formerly director of research and education, United Paperworkers of America; secretary, CIO Committee on Economic Policy; associate director of research National CIO; economist, Department of Research, AFL-CIO; and assistant director, Department of Research, AFL-CIO. He is a member of the American Economics Association, Industrial Relations Research Association, Executive Committee of the Joint Council on Economic Research, Inc., Advisory Committee of Export-Import Bank. He was a member of the President's Special Committee on East-West Trade and the Technical Advisory Committee to National Planning Association Center for Economic Projections.

Symposium Discussant

Louis L. Levine
Industrial Commissioner
State of New York

I guess I'm the cleanup hitter here and Nat, in his remarks, said he left to me the job of raking over the employment service. Some of my friends in the employment service know how I feel about it. I have a responsibility in the State of New York for directing the employment service and yet I don't let that responsibility overwhelm me. I listened to, and read carefully, Dr. Holt's presentation. I am also intrigued with the question, which has popped up in Nat Goldfinger's own presentation, of what the employment service can really do about the economy. I'm always confused about the statement—because I've heard it a thousand times—that the employment service creates jobs. I find that very hard to believe. My own experience is that the employment service even has difficulty in finding jobs that exist, without creating jobs.

I also would like to make a slight reference to the fact that when we had "high employment," not unemployment but "high employment," during the peak years of the Korean war and during the early 1960's, the employment service had difficulty identifying jobs. Consequently, there must have been a reason for that at the time.

Now to turn to some of the questions that came to my mind as I listened to Dr. Holt's presentation, some of which relate to problems I see today. I'd like to begin with what Dr. Holt began with, namely Frances Perkins' description of the employment service in 1929 in her report to the Governor of the State of New York, Franklin D. Roosevelt. It was a terrible description of employment service offices. As I traveled around some of the employment service offices in the State of New York just a few years ago, I found that some of those offices still existed. Years have gone by and some of those offices still exist. We still have some terrible offices. To what do we ascribe that? Do we say this is a result of failure of the State employment service to be responsive to the needs of the people?

Part of the problem, I submit to you, is that we are really unable to discover who directs the em-

ployment service. We've gotten so much misdirection that I'm beginning to wonder what we're supposed to be doing. I get the feeling that when we talk about the needs of workers and the people, we've got to get 99 opinions first from various levels of government on how to solve the problem. I've seen so many directives and redirectives come out of Washington on how the State employment service should function and, frankly, those directives confuse me and they confuse the staff. I can be critical of staff but I must first be critical of the direction of the program. I think the staff can do a job. In most instances, the professionals who work in the field are people who came on the job and want to do a job. I am totally confused, however, by the lack of direction from those above who tell us what to do and what not to do, who constantly shift gears, and therein I agree with the paper presentation on this shifting of gears.

Let me just give you a couple of questions which bother me. The employment service has not been and cannot be responsive; the employment service is in a total state of disorganization and disarray. I submit to you that pending today in the Congress of the United States is legislation that will further emasculate the employment service. If we have to go the route of a manpower revenue sharing program, if we have to encourage a locality to set up competing employment programs to meet the needs of what they consider to be their local constituents, we are going in the wrong direction. We're going rapidly in that direction, however, and how do you really feel about it? What do you think they are going to do? How do you think they're going to react to this? Given this situation, what do you think the employers in the community are going to do? Frankly, I think most of the employers have lost confidence.

Talking about the private agencies, let me say that I'm confused about their role. Over the years, at least in the State of New York, private agencies have increased in number tremendously in the community and they have competed very successfully with the public employment agency. In many instances the private agencies have misled the private employers with the impression that they are the only ones that can provide services to the private employer and the only ones to whom the private employers really turn. In fact, there's another problem I'd just like to refer to. If in fact, we have a public employment agency, then why in heaven's name haven't the various levels of government made use of that public employment agency? Why in heaven's name haven't the Federal agency, the State agencies, the State, county, and city levels of government made use of this public employment agency for recruitment? They have not. Why haven't they put in requirements that contractors and businessmen who do business with county and city governments make use of the public employment agency? They have not. Oh, I know about the veterans employment responsibility of the public employment service and I know that executive orders have been issued. However, those Executive orders are ignored more than they are followed. I also realize the difficulty we have in getting our field people to understand these confusing Executive orders and their implementation.

Let me turn now to a very serious question. What does a public employment agency do in, for example, the City of New York—which has already lost 252,000 jobs—when it's faced with matching up workers to the job needs of employers? It is then faced with the fact that many of the recipients of public assistance, and others, say: "Why should we take jobs that pay such minimal income?" In New York City and New York State we have a higher minimum wage than the Federal, $1.85, and that's low, very low. We can't get workers to get jobs and we can't get employers to stay in the urban centers and we can't get employers to stay in States such as New York, New Jersey, Massachusetts, and Connecticut, when they're faced with the competition from overseas and from some other parts of this world, such as the Caribbean and Mexico. And why should they, very frankly, when they have a Federal Government which doesn't understand that you cannot create jobs if you cannot get employers to stay and face up to their responsibilities to hire. Nor can you solve the problem alone, by increasing the welfare allowances or increasing the minimum wage. That's not going to do it! There has to be a concerted effort in the community.

Let me give you another question which is imposed by the paper, the question of the vocational schools and the training processes. I'm concerned about this question because, in New York City and in New York State at least, there's a reversal of form. We're denigrating the vocational schools. We're trying to make all schools general schools. The word vocational school set up a

stereotype in the minds of many people in the community, aided and abetted by many professionals" in the community who felt that we should send kids to a vocational school because they couldn't learn anywhere else. That sterotype was transmitted into the community, was transmitted through the employers, and transmitted to all of us—to the extent that we couldn't get "qualified" people to work and stay in the vocational schools. Once they were out, we couldn't get them to at least go into the private sector as a trained resource.

We've done something else. We have destroyed the whole apprenticeship system. We're beginning to denigrate the apprenticeship programs by saying that they're too long, too costly, and that they exclude people. This is aided and abetted, by the way, by the same Federal establishment which sets up new rules and new guidelines to destroy a time-honored technique of recruiting and training workers in industry which is desperately needed. And so on one hand we're saying, yes, we should be doing all these things, while on the other hand we see move after move being made to destroy every opportunity to create an awareness in the general public that there has to be training, that there has to be a program, and there have to be jobs.

The thing that confuses me about this whole 40th anniversary presentation today is that I don't think we've moved very far. It's a crime that, after 40 years, we're here discussing what the employment service should or shouldn't do. It's a crime, to me, that I read the report of an administrator of the State employment service in 1939 in which he said that his responsibility was to match people on home relief with jobs, and that he had a great deal of difficulty in doing that, even at that time. And I read the report of my own administrators, in the year 1973, who say that they're having great difficulty today, with WIN II and with work relief programs, in matching people on home relief with jobs in their community.

How far have we really gotten and where are we today? I think we ought to focus more, not on establishing the role of the employment service in creating jobs, but on the responsibility of the Federal establishment to face up to the needs of its constituency of 200-and-some-odd million Americans in this Nation—needs for adequate transportation, housing, and for programs that are going to create jobs. I don't think the employment service will then have to worry about finding people for those jobs. People will find those jobs once there's a full employment economy.

BIOGRAPHY

Commissioner Louis L. Levine was appointed industrial commissioner of the State of New York by Governor Rockefeller, January 1, 1971. Until this appointment to head the State Labor Department, Commissioner Levine had been serving as the department's commissioner of labor affairs since 1969. He became affiliated with the State Labor Department in 1966 as deputy industrial commissioner for metropolitan New York City. He earned a master's degree from New York University in 1950 and a bachelor's degree in social science from City College in 1948, and has done additional graduate work in sociology at New York University. He is a recipient of an honorary doctorate from the Merris College, Poughkeepsie, N. Y. He has taught courses at several colleges and universities, including C. W. Post College, Stevens Institute of Technology, the Extension Division of the Cornell University, School of Industrial Labor Relations, the City College of New York, and the New School for Social Research. He served in the U.S. Air Force during World War II and was a major in the Air Force Reserve.

Noon Session
Introduction of Guest Speaker

Paul J. Fasser, Jr.
Assistant Secretary for Labor-Management Relations
U.S. Department of Labor

I would like to welcome you all to the observance of the 40th anniversary of the employment service. There were times even in my short career in the Manpower Administration that I wasn't sure that there was going to be a 40th anniversary of the employment service but here we are, and we can look forward to another 40 years at least.

I understand that every 40 years there are a number of statistics produced that tell all of the nice things that the employment service does involving placements of people and veterans and all of the other clientele that the employment service deals in. I want you to know that I have a very limited function here this morning, to introduce the main speaker. But I just couldn't do that without a couple of remarks in regard to my feeling about the employment service.

My stretch with the Manpower Administration lasted about 30 months. When you're celebrating your 40th anniversary I'm sure you don't measure it in months, but when I came on as Manpower Administrator I heard all these forbidding stories about the employment service and the cobwebs and all of the other various things and I knew that there were people that had certain axes to grind in regard to their own version of what the employment service was and what the employment service should be. I know that I can honestly say that in the short time that I was there, we saw a great deal of effort put forth and a lot of results.

I recall when we got the six-point program in regard to veterans from the President and the job was given to Secretary Hodgson, and of course, it was given to the Manpower Administration to carry out. Obviously no program for veterans could be carried out without the employment service, and the employment service rallied to the call and the employment service did itself very well. It really made the Department of Labor look good and for that the employment service should certainly be congratulated. But the employment service does have a number of things dropped up-

on it, just about every seven seconds, that it needs to perform or is required to perform and it always come through well. I am very, very pleased to have been associated with the people in the employment service and I am very, very pleased to be here today.

When the secretary was developing his new team in the Labor Department, he and I had a number of conversations and he said, well, I guess you've had it in Manpower, would you like to try something else; he said I have an opening over here and I said, well, if you feel that way about it, I'll take it, and I did and I went off to Labor-Management Relations. When he told me that the man who would become the Assistant Secretary for Manpower was the one who will be our next speaker, I was more than delighted.

When I first came on in Manpower—as a matter of fact almost to the very day—Bill Kolberg left Manpower and went over to the Office of Management and Budget (OMB). I had known Bill over at OMB and known of his work in the Manpower Administration and I was very, very delighted that a man of this caliber would come in to take over this very awesome responsibility as Assistant Secretary for Manpower.

There is no better combination than a man who has spent so much time in the Budget, so much time at OMB, a couple of years in Manpower and now to become the Assistant Secretary for Manpower, it is just a beautiful combination.

Well, I don't have to qualify Bill Kolberg in regard to his position as Assistant Secretary for Manpower. His reputation well precedes this introduction; however, a few brief facts about his background would be interesting.

Bill was nominated by President Nixon as Assistant Secretary of Labor for Manpower on March 19, 1973. The nomination was confirmed by the Senate on April 2, 1973.

He served as assistant director for program coordination of the Office of Management and Budget in Washington, D.C., from October 1970 to April 1973. There, he was in charge of OMB's field operations. He set up a new office to service, support, and direct the Federal regional council and the Federal executive board systems.

In addition he was responsible for "crisis" management in areas in which the President attaches high importance—such as administering aid following Hurricane Agnes in 1972 and helping set up Phase I of the economic stabilization program.

From August 1968 to October 1970, he worked as Associate Manpower Administrator for Policy, Evaluation and Research in our own Manpower Administration.

He was Deputy Assistant Secretary of Labor for Administration for the 9 months prior to his appointment as Associate Manpower Administrator.

Before joining the Labor Department, Bill served in various capacities with the U.S. Bureau of the Budget from 1951 to 1967.

From 1965 to 1967, he was assistant chief for labor and manpower in the Budget Bureau's Education, Manpower, and Science Division; from 1963 to 1965, he was assistant chief of the Labor and Welfare Division; from 1962 to 1963, he was chief of the Public Health Branch, and from 1951 to 1962, he was a budget examiner.

He started in the Federal Government in 1951 as a junior management assistant with the Department of the Interior.

I would like to note that he has received numerous awards for outstanding Government service. In 1970, the Secretary of Labor presented him with the Department of Labor's Award for Distinguished Achievement. The citation accompanying the award praised him for "outstanding contributions and imaginative leadership in research, policy development, planning, and evaluation in the manpower program areas; and for his instrumental role in implementing numerous initiatives in the whole area of manpower training."

Born on May 7, 1926, Mr. Kolberg is a native of Lead, S. Dak. He received his B.A. degree (Phi Beta Kappa) in political science in 1949 and his M.S. degree in government management in 1950 from the University of Denver.

In graduate school, he was a Carnegie fellow in local government administration.

He is married to the former Louise Alport of St. Louis, Mo., and now I give you William H. Kolberg, Assistant Secretary of Labor for Manpower.

A Realistic Reappraisal of Employment Service Goals and Objectives in the Year Ahead

William H. Kolberg
Assistant Secretary of Labor for Manpower

I am going to speak to you today essentially as the chairman of the board of directors of this great institution called the employment service.

Everyone in this room has invested a great deal in this institution or you wouldn't be here. Many of you I know, first put down your investment in this organization 40 years ago when it was a pretty risky prospect. I can imagine what you thought when you first arrived on the scene 40 years ago to set up something called the U.S. Employment Service. Many of the rest of us arrived much later but I think all of us have given of our energy, our talents, our hard work, and our dedication.

And some of you have given what is the highest gift that any person can give—an entire career to a public institution dedicated to do a very important job. For that I salute you and the institution you have created.

The 40th anniversary, the birthday of an institution is rare, and I want to recognize particularly those individuals who were there when it started. You know who you are. There are a good many of you in this audience.

In a slightly lighter vein, this partnership we have—called the Federal-State employment service—could be likened to a marriage. As with all marriages, this one has had its ups and downs.

Let me point out to you some of the things that I am sure you will recognize instantly. Both partners in this marriage have threatened divorce over and over again. One partner, as a matter of fact, completely took over the partnership once, and ever since there have been recurrent rumors that that particular partner had wild and woolly ambitions to repeat that great feat.

Both partners have accused the other of running a very messy house, throwing ashes on the rug, failing to balance the checkbook, being a spendthrift, running the house on too small a budget, playing around with other lovers, and rearing Community Action agencies (CAA's) and prime sponsors.

I suppose the most frequent complaint, as in

any marriage, is a perceived failure by one partner to adequately, often, and openly communicate —with the response of the other partner usually being,"Ah, but hell, you don't listen anyway."

If this all sounds very reminiscent and familiar, I think it is because every one of these things points to a problem that we have had and that we have overcome. In any 40th anniversary marking such a long and illustrious history, one tends to forget the foibles and the quarrels, because, after all, we made it! We're here, we're still together, and we're still strong.

Now, if you don't mind, I'm going to become, if you'll pardon me, a bit bureaucratic and speak on the subject of "A Realistic Reappraisal of Employment Service Goals and Objectives." Like the old preacher, I have a theme on this message. I will state this theme in the beginning, and in the middle, and at the end, and I will repeat it over and over long after I give this speech because I happen to believe that this theme expresses what is needed today to make the employment service again as strong as it has been in the past.

Let me tell you for the first time what this theme is as I see it: Higher quality and efficient placement service is the primary and continuing goal of the employment service now and in the forseeable future.

Before I elaborate on the theme, however, let me try to put it into perspective. You see, I am a new boy on the block and after 2 months I have had to go back to the textbooks and find out what this institution really is today—not what it's done in all the 40 years but what it looks like today.

Let's take a hard look. I'm going to cite some figures, many of which will be familiar to you.

First of all, let's talk about the placement performance of this institution. If placement is the name of the game, how well have we done our job?

The high water mark of employment service placement performance in peacetime occurred in the period from 1963 to 1967 when the system made over 6 million nonagricultural placements a year. This was done with an employment service staff of about 25,000. The output per employment service man-year was about 250 placements and the system received an average of 8 million or more job openings each year.

In comparison, between 1967 and 1971, nonagricultural placements declined to a low of about 3.2 million. The performance, as measured again by man-years, dropped from 250 to 132. All right, that's point number one. Our placement performance has slipped and slipped badly. We need to do something about it. We have taken some steps that I think are going to make a difference. I will talk about those steps in a moment.

Secondly, let's talk about performance by occupation. Where are we finding jobs? Where are we placing people? Sixty percent of the placements are in five occupational groupings: clerical, domestic service, other service, structural work, and packaging and handling. Think of it! Sixty percent are in these five low-pay job categories!

Point number three: How good, how permanent are the placements? Well, listen to this nent are the placements? Well, listen to this statistic: About 30 percent of those placements are for 3 days or less.

And finally, the kicker point: wage rates. Seventy percent of all placements made last year were at $2.50 an hour or less.

Let me remind you that the average hourly earnings in the country today are $3.84. That tells us that 70 percent of our activity is at a poverty level. We're not participating any longer in the main line of the labor market, which is up around $3.75 to $4.00. We're working away at $2.50 or less!

I think it's important to keep in mind those four measures of our performance.

Now let's go back to the theme and ask ourselves what's wrong. Clearly, somethings's happened. Let's see if we can diagnose it and do something about it.

I think the first thing to do—and we've done it a lot in the last year and we are going to do it a great deal more—is continue to say to ourselves and everyone else: Yes, the employment service has a lot of goals and objectives but there is one single that's overriding, that controls everything else we do. We have a single output. We want to receive job orders, we want to receive applicants, and we want to place those applicants in those jobs.

When we don't do that job, we are not doing out primary job. And if we are not doing our primary job, we can't do the other jobs that are part and parcel of the employment service.

As you all know, we have been emphasizing placements for about a year and have climbed back up. We've climbed from 3.2 million in 1971 to about 4.1 million in 1973. For 1974 we are going to set a higher goal—4.7 million placements—which would be almost a 50-percent increase from 1971.

But it is still a very long shot to the 6.1 million in the heyday of this organization.

In order to reach our goals, we plan action with you, supporting you, over the next year in the following areas:

1. Improved management of the system which can and must occur at all levels. We are going to start with our own house. We are going to organize more effectively both at home and in the regions. We are going to do a better job. We think that overhead can be consolidated and reduced by redistributing staff.

We want to have staff where the output is. As you all know, we are trying to insist this year that 30 percent, just 30 percent, of employment service staff be the frontline troops.

We've all heard about the Army, the infantry. Our placement people can be called the infantry that accomplishes our task. Somehow or another, we have got to reorganize ourselves to put emphasis where the output is going to occur.

The first thing you hear when we emphasize placement is, "You don't care about any of the rest of the functions. You don't care about assessment (counseling, and intake and testing) and labor market information — all those other things."

We certainly do; we care very much!

You can't make placements without those supportive services. We are going to do that, too. But somehow or another it seems to me that we must look again at how we are organized to do this job and keep our eye on the ball. And the ball is what comes out of your office—what the statistic is—on how many people have ended up in employment. Because that's the name of our institution, the employment service.

We are also going to emphasize employer services and related job development, and these will also be planned to see if we can't make a greater penetration into the labor market.

We are going to try to accomplish our goals in this general area in the following three ways:

- Participate and complete the review of each fiscal year 1974 State plan of service to insure conformity with what we perceive to be the national program emphasis and goals.

- Establish a comprehensive regional ES monitoring system for the employment service with specific regional office staff assigned on a regular basis to monitoring activities. Regional monitoring will include analysis of the feedback from management information systems (Employment Security Automated Reporting System (ESARS), Plan of Service Automated Reporting System (POSARS), Cost Accounting), from the State's self-appraisal system and from the regional Operational Planning and Control System (OPCS) reviews.

- Reallocate resources on the basis of performance against criteria and plan on a quarterly basis, starting in December of 1973.

We think this is the most sensible way to run an operation. You reward people, you reward institutions that know how to do the job—to get from here to there in the most effective way.

We think that's the way that you would want us to manage our part of the employment service, and we intend to do exactly that.

2. Development and field testing of employment service standards of operations and cost. I find it unbelievable, frankly, that the placement output per employee year goes all the way from a high of 307 in one State to a low of 24 in another State. That tells us we have wide diversity in the effectiveness of our operations. It also tells us that we haven't worked very hard in finding out what works and what doesn't or in adopting the best practices we find across the United States.

We also find tremendous variance within a State. One local office in one State had a rate of 572 placements per person in the employment service last year. In the same State, another local office had 30. Now, some of that variation is undoubtedly explainable but all of it certainly can't be. And yet, at the moment, I don't think we know.

In the interest of improving the productivity of employment service operations in the States, a thorough review will be made of existing knowledge about cost standards. If necessary, a contractor will be asked to assist us in formulating an approach to uniform but flexibly appled cost standards. We expect to apply these standards on a field test basis in the review of State plans of service which begins in January 1974 and to arrive at a reasonable and firm basis for the introduction of such standards into the monitoring of State employment services during fiscal year 1975.

3. Implementation of the report of the National Employer's Committee (the Vickery report). Essential to an effective employment exchange is the full understanding, cooperation, and support of the employer community. We therefore intend to proceed with the implementation of those por-

tions of the so-called Vickery committee report which pertain to strengthening the employment exchange functions of the employment service. We plan to establish, in each of the six major cities where the Employer's Committee did its field work, a team of area, State, regional, and national office personnel with consultative assistance from the committee. The team's mission is to implement those recommendations which will strengthen the employer services and placement operations of local offices and to build models in the six cities which can be used to restructure employment service operations in all major metropolitan labor markets. We hope to complete the model building in the next 12 months and to begin the extension of the models beyond the pilot cities at that time.

By having said all this, I've suggested we're in some trouble as an institution. I think that we ought to recognize it.

There are a number of things that we could do, and the three general points I just made are among the ones I feel are important. I'm sure each of you as professionals in this business could add to that list over and over again. There are a number of other things perhaps equally as important that we thought to do jointly to try to move on and make this a more effective institution.

Now, the nay sayers about this situation will immediately state that if you emphasize placement over everything else, and you reward people on performance, performance becomes placement. And there goes the whole emphasis, they say, that we have tried so hard to build in the last 7-8-9 years on serving the poor, the disadvantaged, the special clientele groups from which, frankly, the employment service must exist. It's the only way those people can go about getting the kind of service they need in the employment market.

But, what does the record show? I want to assure you that we are going to be very, very careful that the performance of the employment service as we move toward a placement emphasis does not lag in placing the disadvantaged and the poor.

So far, the figures look all right. I'm comparing what happened in 1971 to the 1973 totals. It goes like this: Individuals placed were up over 1971 by 49.5 percent; minorities placed were up by 37.4 percent; the disadvantaged (by our definition) were up by 51.6 percent; the poor (by out definition) were up by 62.8 percent; regular veterans, 59.8 percent, and Vietnam-era veterans, 85.7 percent.

Let me call your attention again to the fact that with the exception of one category—minorities—every other category exceeded the percentage increase that we've experienced over the last 2 years. Now that looks good. But, it doesn't prove anything yet. The figures haven't been kept long enough and we haven't tried hard enough.

I hope that we will be very sensitive to the need for performance to continue to keep up in these areas while we increase overall placements.

I don't think I need to call your attention to a new phenomenon occurring in our society, which I find very desirable—the public interest law firms and the public interest groups that look over our shoulder. We should all welcome this. Institutions need to be responsive to a variety of outside forces. I am happy that the Ford Foundation and others are funding public interest law firms to take a look at us and other public institutions. We ought to be able to stand the glare of public scrutiny. When there is responsible investigation of what we do, I, for one, will never be guilty of trying to freeze out these investigations or obfuscate what we have been up to.

I am sure you are all aware of the Colorado case in which we had a settlement out of court. We in the Federal Government and the State of Colorado jointly decided that we should settle out of court rather than go to court and carry that case all the way through. The public interest law firm in that instance had a good case; they had a good case on the Federal Government; they had a good case on the State.

So let's act objectively in such circumstances. Let's accept the blame as well as the credit and see if we can't do a better job. We have nothing to hide; we have nothing to cover up. We are in the business of serving all clients and when we don't serve them well, the whistle needs to be blown. Hopefully, we can blow our own whistle first, but when that does not happen, then it's perfectly consistent with our democratic system when some outside group calls our stewardship to account and says, "You've got to change your practices."

One last area I want to talk about briefly—the employment service role as we move into manpower revenue sharing.

This has been an ideological debate that many of us engaged in for a very long time. It certainly goes back to 1965, 1964 or maybe before. And it has always revolved around the word "presumptive sponsor." As for the rules and regulations

that we'll be publishing soon—rules and regulations on manpower revenue sharing— there will be no presumptive role for an agency. That includes the employment service, the vocational education agency, the Opportunities Industrialization Centers, and the many other public agencies that are involved in manpower programs.

We think that's consistent with revenue sharing because the essence of revenue sharing is saying to the chief elected officials at the State and local level: "You're the responsible one; it's up to you to make this thing go. It's up to you to plan your program. It's up to you to operate a good program."

Now, if the Federal Government comes in and dictates to the agencies on the local level—dictates the use of funds or programs—we can rightfully be accused of not even understanding what our principles are.

I personally feel that, in most cases, the employment service has been involved in manpower programs in a responsible and effective way and that the local prime sponsors will continue to want to use the employment service.

Now, in our review of the local prime sponsor's plans and in our work with him, we are going to be very careful to try to understand why in some cases the employment service will not be used. It seems to me that you at the State level and we at the Federal level really need to pay close attention to what elected officials are going to be saying about the services we have been providing now for some years.

Some of them are likely to be saying (I don't think many), "We'd rather do it our own way because we have no faith or confidence in that public institution; they haven't performed for us." When that's said, you have a problem and we have a problem. And we'll have to take it on a case-by-case basis. I frankly don't think there will be that many problems, but that's an article of faith as far as I'm concerned. I can't prove it and neither can anyone else at this point.

Finally, during the next several months we will be developing cost standards—something which has never been done. In that way we can say, and you can say, how much certain employment services will cost prime sponsors wishing to purchase employment service assistance.

Let me return now to the theme. I won't repeat it again. I think I've repeated it often enough for you to get the message. As far as I'm concerned, the game from here on out is to change so that we have a single overriding and preeminent goal in the employment service. I think that's going to increase our productivity; it's certainly going to increase our own understanding of what we're up to. I think it's going to increase the eminence of this agency.

Now, as the new boy on the block who has only been around a couple of months, I want to close by pledging to you my best efforts to do my part in this partnership. As long as I'm in this, job, you are not going to hear any words from me about federalizing the employment service. I hope we're all done, at least for a time, with what kind of rhetoric. This arrangement that we have that has been with us for 40 years for the forerunner of revenue sharing. This was the first time it was applied. I think it has worked; if it hasn't worked as well as we'd like, I believe there are ways to go about changing it so it will work. So I want to be clear and put to rest any notion that we're not going to be working as hard as we know how to work on our part of the partnership.

I want you also to know that I have a great deal of respect for the institution; I know many of you in this audience very well. I have a high respect for your professional competence and, more importantly, for your dedication to the goals of this institution, which I believe are at the highest.

With a lot of hard work on our part, many of us will be able to sit in this room 10 years from now and celebrate an even more important anniversary, the 50th anniversary of the U.S. Employment Service.

Evening Session
Introduction of Guest Speaker

Richard F. Schubert
Under Secretary of Labor
U.S. Department of Labor

It is my distinct pleasure to introduce our distinguished and honored guest and speaker of the evening, Dr. Juanita Kreps.

Dr. Kreps is presently the James B. Duke professor of economics at Duke University in which she holds the degree of doctor of philosophy. She served as dean of the Women's College as well as assistant provost of the University. She has been recognized over and over again because of her expertise in a wide spectrum in the area of economics and she has written extensively not only in learned periodicals and journals, but several significant books. She has addressed herself to three essential issues as I perceive it—the problems of the aging worker, problems of technological displacement, and problems involving women workers.

When she is not busy in a variety of tasks and assignments, including being a wife, mother, writer, researcher, teacher, editor, administrator, speaker, she serves as a member of the board of directors for J.C. Penny, for the New York Stock Exchange (and by the way, the first woman to do so and that is quite an achievement), and for a variety of organizations. Dr. Kreps suggested that you all really knew her and that it would probably be more appropriate if we kind of moved on.

I just want to give you a quote and an observation, a quote from "Introduction to Technology Manpower and Retirement Policy" and Dr. Kreps' comment is a very interesting one. She says "the essential element is the fact of sluggish human adjustment, and impersonal economic accommodations of the present rapid pace of scientific and technological progress." I would say in response to that comment that if there is anybody around who is the very opposite of sluggish and who makes the rapid pace of scientific and technological progress sort of trip over itself trying to keep up with her, it's the most energetic, charming, and extraordinary Dr. Juanita Kreps. Dr. Kreps, we're delighted to have you.

Relation of USES to the Nation's Economic Health

Dr. Juanita Kreps
Vice President
Duke University

Thank you for giving me this place of honor. I very much fear that my talk following so many brilliant remarks that it's likely to be something of an anticlimax. You may recall the remark that Oscar Wilde made the first time he saw Niagara Falls. "It would be more impressive," he said, "if it flowed in the opposite direction." It must be obvious to you that I do mind everybody's business, and being in town today for a board meeting of the New York Stock Exchange tomorrow, which is meeting here, I was tempted to ask Chuck Odell if I couldn't talk about finance rather than anything that had to do with the Government; that way I thought maybe I could be an authority without question. But after looking at this week's financial scene, I concluded that however bad things were in Washington they are much worse elsewhere, particularly, of course, in the European dollar market, and there is a remote chance, of course, that there may be some casual relationship.

One of the fringe benefits that comes with being the woman director on board is that I do occasionally get to hear the kind of stories that the boys in the board room are telling. This is sometimes not an advantage, actually, but one story I heard recently is appropriate tonight. It has to do with the fast-thinking garment manufacturer who became a millionaire at an early age by marrying the boss' daughter, and being very attentive to her, all the things your supposed to do to get ahead, and also being able to make decisions faster than his competitors. All went well until one day he met a beautiful model who so captured his time and attention that he forgot all about his wife. He even forgot to call home to make excuses, and not till about 3 the next morning did he suddenly recall reality. Immediately, he reached for the phone and dialed his wife. When she answered, he whispered: "Darling, whatever you do, don't pay the ransom. I've escaped." When I was asked to take this speaking assignment it occurred to me that someone in the U.S. Employment Service had made some quick decisions for if, as it is ru-

mored, the initial invitation to address the group went to Secretary Shultz, and if one considers how many names there are between his and mine, who must also have been approached? Then my being here is the result of a series of very sudden shifts and plans.

In preparing these comments I would have liked to know what we would be hearing today from the past and present Assistant Secretaries for Manpower, Mr. Ruttenberg, Mr. Weber, Mr. Lovell, Mr. Kolberg. But not having their statements and not being able to hear them this afternoon, I had thought to address my remarks to Dr. Holt's paper, thereby hoping to end this symposium by looking into the future of the employment service and its role in the Nation's manpower program. What you may not have picked up from Dr. Holt's address this morning is that he had a subtitle to that paper and the subtitle was "Manpower Lyrics for Macro Music." And I shall here raise the question, can the employment service be orchestrated to macro music? Some of the notes I sound would be quite sour.

It was the Spanish philosopher Santayana who said that those who fail to heed the lessons of history live to repeat its mistakes, but the employment service has not heeded those lessons nor have those of us concerned with concocting new manpower policies and programs heeded the lessons of history. Most of the supposedly new manpower programs of the sixties were, in fact, revivals of manpower programs of the thirties—the Job Corps replaced the National Youth Administration, Public Service Employment replaced the Works Progress Administration, and the "new" U.S. Employment Service replaced the old USES. The problem with the repetition is obvious. Measures that worked well in a deep depression, where perhaps 1 in 4 of the total work force was unemployed, hardly seem appropriate to deal with the manpower problems of the sixties and the seventies—problems of structural unemployment among the poor and the disadvantaged which persist despite substantial growth, inflation, and relatively low rates of unemployment among all but black and Chicano youth and the mothers of children on welfare.

Because of the differences in problems, the subject of Dr. Holt's paper is quite timely. It centers on the dilemma of achieving a balance between inflation and unemployment, which is probably the most pressing economic issue of our day, and it suggests that we have never developed a basic and pervasive labor market stategy to deal with the dilemma. Dr. Holt thinks the employment service should have a central role in such a labor market strategy and most of us here would agree with him.

We would agree further, I think, that for too long the employment service has been on the margins of our manpower policies and strategies. Instead of becoming the effective middle man or woman—more than half of its staff in the field are women—the employment service has instead ended up as the man in the middle, criticized by employers for failing to recruit the best qualified to fill job openings and by workers for screening out those with employment handicaps or lesser skills or by creaming off the top and, of course, by college professors for everything under the sun.

Because like the Matterhorn it is there in all 50 States and 2,400 local offices, the employment service has also tended to become the official dumping ground for most of the dirty work associated with manpower programs in this country. As was pointed out in the Vickery report, no less than 72 different categories of manpower programs were dumped on the employment service in the decade of the sixties, and yet during that period the basic grants budget which finances the core employment service operation provided no substantial increase in positions to do the work. What additional funds did come into the State systems were tied up in narrowly defined categories with separate administrative structures, separate reporting systems and, in most instances, a trade-off diversion of regular staff on a 1 to 2 or 1 to 1 basis. And seemingly small add-ons occurred without funding or staffing.

Beyond all this, the employment service has been projected into the middle of the most complex and loaded issue of the domestic political scene, excluding you know what, and that is the issue of welfare reform. In WIN I, and even more in WIN II, the employment service is required to posture itself on the cutting edge of the work ethic versus the welfare ethic. And despite the fact that the welfare program did not get through the Congress, many States, among them California, New York, Illinois, Ohio, and Massachusetts, have passed laws which require virtually all welfare recipients except the blind, the aged, and the disabled to report to the employment service for work as a condition for receiving their welfare payments. Lou Levine, I understand, reminded

us today that he had the same problem even in the thirties. In all these States it is assumed that the employment service will absorb the costs of work registration and job development and placement, meaning a diversion of 25 percent of all employment service staff to this one activity alone.

A similar diversion of employment service staff to the work registration of food stamps was partially averted in 1971 when the U.S. Department of Labor insisted that there should be reimbursement from the basic food stamp appropriations for that purpose. But only a portion of the estimated costs have actually been reimbersed on the assumption that the employment service should be providing some or all of those services as a so-called "maintenance of effort." Other erosions of the basic employment service staff have resulted from the practice of diverting employment service staff to take claims of unemployment insurance in periods of unanticipated increases in the claimant workload. In 1971-72, more than 3,200 employment service positions were so diverted. Incidentally, I have tried as far as possible not to rely on statistics, for I have come even more recently to distrust them because of a display of cost return data on our campus, and one story is illustrative.

We had in a class reunion, a 10th class reunion, a group of young men, one of whom was obviously the most outstanding and the most successful. Those of us who had had him in class remembered him as the worst student we had ever had. He barely got through introductory economics, he never did pass accounting, and his statistics course was a disaster. Understandably we were interested in the source of his success so we pressed him a bit and he said, "Well, it's very simple, I manufacture a kitchen gadget at a cost of $3, and I sell it for $4. Now anytime you can make a good steady 3 percent, you're bound to be all right."

Dr. Holt's analysis, which did not suffer this kind of shortcoming, shows that we cannot expect to achieve a delicate balance between inflation and unemployment unless we have an employment service that is geared to cope sensitively and efficiently with the dynamic and unpredictable changes in the labor market. As he points out, this requires a total manpower policy and strategy which builds on the capability that was theoretically there for the past 40 years, but which has been steadily eroded by the thrusts that we've mentioned. According to Holt, an ideal employment service would have the capabilities of matching workers, jobs, and manpower services with staff assigned to serve both applicants and employers; the capability of reducing the high unemployment of young people by establishing closer ties between schools and employment services; the capability of reducing critical skill vacancies; reducing geographic imbalances; eliminating institutional barriers; and finally, encouraging research, experimentation, and demonstration.

Now these are the ideals, I grant. The question is, how well is the employment service equipped to meet any or all of these needs? In its present form, obviously, not very well. Yet, if these are desirable goals, we must face the reality that there is no other institution of machinery now in place that can perform the functions any more effectively. One is reminded of the parallel comment so detested by liberated women that whatever their shortcomings, women are still the best thing of their kind that man has discovered.

There are a few States and localities where some of the suggested activities have been successfully carried out with measurable cost effectiveness. There are, for example, moderately successful man-job matching systems in operation in Utah, New York, and Wisconsin. There have been some cost effective mobility programs on an experimental and demonstration basis. There have been successful interstate clearance programs using computer-assisted capabilities to move unemployed aerospace workers to job vacancies in other areas and States. There is a long and substantial history of successful relationships between schools and employment services in helping dropouts and the non-college bound graduates to find suitable year round employment. There are Job Bank systems in operation in more than 40 States and in most metropolitan areas to the point where the employment Job Bank systems now cover areas containing more than 70 percent of the Nation's population and labor force. Much has been learned from the Neighborhood Youth Corps and National Alliance of Business programs about how to hire, train, and retain black and Chicano youth.

What, then, is so unrealistic about Dr. Holt's proposed program and the role in that program that he projects for the employment service? What he proposes clearly can be achieved at least in theory, but what's missing so far is the com-

mitment of resources that would make such a program viable.

We see no commitment at the present; instead we see a philosophy of "getting people off the relief roles and on to the payrolls" without support or intervening programs. Cost benefit savings are available for many such programs. If those who make ultimate funding decisions are as interested in cost benefit analyses as is commonly assumed, the funding would surely would have a higher priority. In brief, Dr. Holt's recommendations would surely be carried out if manpower programs were properly funded and supported but this assumption is quite a heroic one. I have an even greater skepticism as to the extent to which macroeconomic policies will be initiated to create the jobs necessary whatever the manpower policies. But since Nat Goldfinger and others have spoken on that issue, I shall pass over these obvious problems. In preparing these notes, I had some conversations with people in the employment service. I asked them to give me their own views on the feasibility of Holt's background paper as the basic framework around which to build the employment service of tomorrow. The response to his ideas was uniformly enthusiastic. Indeed his paper was used as the basis of a 4-year plan which was prepared in the spring of 1972.

In the concluding section of that plan, USES projected the employment service office of the late seventies to include the following characteristics:

1. "Same day" response to employers' job orders by on-line access to area, State, regional, and nationwide skill banks.

2. "Same day" response to job-ready applicants and claimants who apply for a job.

3. Maximum exposure to job-ready applicants and claimants to available job openings and job lead information with a minimum of professional staff intervention.

4. Substantial mobility and assistance and support for those who need it to move where the jobs are. The reasoning being here that what could be done for laid-off aerospace workers could be done for others, perhaps with less cost and greater benefits.

5. Substantial computer-assisted capability to recruit out of area and out of State by sharing persistent labor shortage information among the States.

6. An outstationed capability with linkages to Job Bank and matching systems to reach and serve those entering or reentering the work force.

7. A carefully selected and trained staff to serve employers who need technical assistance in eliminating arbitrary barriers to employment.

8. A pervasive labor market and occupational information capability.

9. A responsive and valid management information capability which is a byproduct of the computer-assisted manpower operation.

10. And, above all, an image in the community as the place to go for help in finding a suitable job or locating a qualified worker. Now it may be that this image can come only when employment service staff has earned it. However, adequate pay and better staff development would help to attract and retain better staff.

On the matter of adequate pay, one is reminded of the story that made the rounds years ago when computer programers were in such short supply and everyone was trying to hire one. At the height of this search there walked into an employment office a gorilla and he announced, I am a computer-programer, and the personnel office said, you're what? And he repeated he was a computer-programer. So there was nothing to do but get him a job and they did—at $3,000 a year. And he proceeded to write very good programs, but the top brass of the company which hired him was still a little uneasy about the whole thing. One day the personnel manager was looking over his shoulder watching him write his programs and he said, I hope you don't mind, I don't mean to embarrass you, but you can understand, we don't get many computer-programers. The gorilla simply replied, at $3,000 a year I'm not surprised. Now, it does seem to me that if our problem here is one of staffing, that additional money would help a great deal. This we can say in a period even of inflation, I suppose.

In conclusion, we are aware of course that today's events are a milestone for USES, marking 40 years of work in the era that's discovered more manpower questions than were even anticipated at the time of the passage of the Wagner-Peyser Act. But it is, of course, what lies ahead of us that is challenging and exciting. Clearly in the case of employment service, what is past is prologue. Perhaps you have chartered here today a new approach for an institution that has been felt by some to have grown old before its time.

Regardless of one's view of how effective the

employment service has been in the past, I would leave you in a sense of urgency about picking up the pace of the changes that are so obviously needed whether or not they are the ones that Dr. Holt has suggested. For variation on Holt's musical theme, I suggest that the macromusic being written for the 1970's is strident, energetic, and quite demanding. Unless the employment service can play in tune, and at the right tempo, we cannot hope for a medley. The fact that the Under Secretary is named Mr. Schubert will not, I hope, mean that the manpower symphony remains unfinished.

If I tried, I could probably do some further violence to Dr. Holt's innocent subtitle but by now if he's here I'm sure he regrets ever introducing such words to a literal minded audience such as this.

Panel

The Future of the Public Employment Service

Panelists:

Dr. Arnold R. Weber

Stanley H. Ruttenberg

Malcolm R. Lovell, Jr.
Chairman

Panelist

Dr. Arnold R. Weber
Dean, Graduate School of Industrial Administration
Carnegie-Mellon University
(former Assistant Secretary for Manpower,
U.S. Department of Labor)

Thank you very much. I'm glad to be here. The last time this ensemble was together was at the 10th anniversary celebration of the Manpower Development and Training Act. We are now here to commemorate the 40th anniversary of the Wagner-Peyser Act.

It has now been 3 years since I was Assistant Secretary for Manpower. Aside from personal dismay at the passage of time, I'm afraid that I really haven't followed this field closely since I left the Department of Labor. I was tempted to give a disquisition on the most unforgettable employment security administrator that I have ever known, but I was sure everybody would know about whom I was talking. However, in the intervening period, I hope I have gained some perspective I can share with you.

First, I will briefly indicate my perception of what's happened to the employment service since it was established. Second, I will indicate the present range of opportunities that is before the employment service. Third, what tasks will have to be addressed, if not in the next 40 years, certainly the next 5 or 10.

Let me now turn to a brief recapitulation of the development of the employment service and employment security system. In this regard, it is interesting to note that in nature and bureaucracies, there is a cycle of repetition. Although the employment security system started in 1933 with the passage of Wagner-Peyser, for purposes of antiquity you can trace the employment service back to 1907 when the U.S. Employment Service was established as a division of the Bureau of Immigration. It's primary task then was to move what you would now characterize as the "disadvantaged" away from the ports of entry on the east coast and diffuse these immigrants to places where economic opportunities were available. In any case, the employment security system initially developed as a simple labor exchange with the primary emphasis on information and placement for the disadvantaged. The whimsical may further note that in 1912, a bill was introduced into

Congress to give the functions of the employment service to the Post Office on the grounds that both agencies were concerned with the dissemination of information.

The next major step in the evolution of the employment security system—beyond Wagner-Peyser—was the enactment of the unemployment insurance amendments to the Social Security Act in 1935. This development had a constricting effect upon the system. It essentially made the employment service an administrative adjunct and fiscal lacky, if you will, of the unemployment insurance system. Also, it linked manpower service with a policing function by making the employment service responsible for administering the "available for work" tests. Consequently, the new arrangements shifted the focus of the employment service and the placement function away from the disadvantaged and to those who had a relatively high degree of economic independence in the sense that they had a history of labor force participation and tended to have marketable skills.

In this manner, the employment security system initially began with a broad focus but for fiscal and administrative reasons narrowed its constituency until the "manpower revolution" of the 1960's. At this point, the employment security system staked a claim as the comprehensive manpower agency in the Nation. This change, of course, was associated with a whole range of legislation which brought notoriety, fame, and best of all, riches, to the employment service. As a consequence of this legislation several things happened: There was an enormous increase in the resources that were available for the operation of the employment security system through the proliferation of categorical programs, each one carrying its own authorization and appropriation. There was a rather promiscuous expansion of the concept of manpower services, which was transformed from simple placement and training to a variety of services including the healing of psoriasis, dental services, and personal counseling. There was also a major expansion—or reexpansion—of the constituency of the employment service and the Department of Labor to include now not only organized labor but the disadvantaged and those groups that had special problems; the old, the young, Vietnam veterans, left-handed professors, ex-assistant secretaries in need of vocational counseling, and other indigent groups. And last, there was the emergence of explicit competition to the employment security system in the governmental sector for the first time with the development of the community action agencies, model cities, and other organizational baggage associated with the Great Society.

So what we've seen in the process of repetition and accretion at the same time. This pattern has meant several things to the employment security system in the 1970's. It's clear that the mission and range of functions of the system have been permanently expanded. You'll never go back to the good old days—or the bad old days—however you conceive of them. In addition, there's been a reassertion of the quasi-monopoly power of the employment security agencies because of the de facto demise of the community action agencies. The CAA's generally failed as effective manpower agencies and the employment security system was there to pick up the pieces because it has a fixed and continued commitment to the manpower area. At the same time, there has been a return to the concepts of localism and decentralization, not for functional reasons, but based on the ideological notion that it's important to move resources and power out of Washington to the grassroots where the problems exist.

These changes have also left a legacy of widespread innovation. Stanley Ruttenburg, Malcom Lovell, and I all had our particular pets or exercises in quackery. But it seems to me that this penchant for innovation set in motion was a very salutary process that stirred up the system and made a few of the natives restless.

This process of change has created a great range of opportunity for the employment security system as it moves ahead in the next decade. But the other side of that coin is a great vulnerability, because the next time you fail, it's going to be difficult for you to blame your deficiencies on the CAA's or on the pernicious intervention of a GS-11 in Washington. Thus, the other side of control over resources and monopoly power is not merely opportunity, but responsibility and vulnerability. The halcyon days of the uncritical movement of large amounts of public resources to social programs are over.

What challenges do these near conditions create for the employment security system? First, there is a need to maintain a commitment to the disadvantaged. With the emphasis on the Vietnam veteran and on placement and "hard" output, there's a significant danger that there will be a retreat from the concept that there are groups that are disadvantaged in the labor market that require special services. It seems to me that the worst thing you can do is to play the role of the

dog in the manger whereby you preempt the delivery of manpower but retreat to a simple operational concept of placement where success or failure is measured in terms of those numbers that we all found so invidious in recent years.

Second, I think it's extremely important to maintain a national commitment on the part of the Manpower Administration and the component units of the State and local levels. It's anomalous that we're presently "going local" at the same time that any observer of the labor market would confirm that the problems are becoming more national in scope. Local labor markets are not islands unto themselves, but part of a greater continent, and to deal effectively with the problem of youth unemployment and the unemployment of middle-aged people 30 years from now will require a national commitment. It's that trade-off between local problems and a commitment to those issues which transcend the locality that will have to be dealt with effectively.

Third, it will be necessary to sustain and extend the range of innovation. There's a lot of second guessing now on new techniques like the Job Bank. Nonetheless, it would be foolhardy to curtail innovation because it doesn't show magical results immediately. If Alexander Graham Bell took that point of view, we'd still be screaming at each other from the roofs. A capacity and willingness for innovation must be sustained.

Fourth, and important challenge is to develop effective linkages between the employment security system and other major manpower institutions. You will never have all the pie, and in my judgment, you never should. Most training, most jobs will be provided by the private sector. A large amount of training will be done by the school system. Constructive steps have to be taken to establish linkages with other major manpower institutions and with local officials who will be given discretion over great resources.

Last, it seems to me the most important demand on the system is to develop the capacity to say "No." I think that because of the desire to expand your importance and claim on resources, you haven't said "No" frequently enough. Rightly or wrongly, people in the Congress came away with the belief that you could solve juvenile delinquency, drug addiction, criminal recidivism, and itchy scalp. You can't solve all these problems through "manpower programs." The heaviest charge in the years ahead is the capacity to distinquish what you can do best relative to other institutions and to say "No" when you can't do the job. If you take this point of view, conception will be the result of planning rather than random romance.

BIOGRAPHY

Arnold R. Weber received his B.A. from the University of Illinois in 1951, his M.A. from the Massachusetts Institute of Technology, and his Ph.D in economics from MIT in 1958. He was an instructor and then assistant professor in economics at MIT, 1955-58. He was a member of the faculty of the Graduate School of Business, University of Chicago, from 1958 to 1969. Associate director of the Office of Management and Budget, Executive Office of the President, 1970-71. Executive director of the Cost of Living Council, 1971. Professor of urban and land economics, University of California, since 1971, and, of course, he was an Assistant Secretary of Labor for Manpower, 1969-70.

Panelist

Stanley H. Ruttenberg
President
Stanley H. Ruttenberg & Associates, Inc.
(former Assistant Secretary for Manpower,
U.S. Department of Labor)

Well, in all fairness to Arnie, he didn't take 30 minutes and I think he did exceedingly well in expressing a point of view which I find myself far more in agreement with than the point of view which I think is beginning to reflect itself in the Manpower Administration in the Department of Labor today. And I just want to, if I might, because neither Arnie Weber nor Mac Lovell, I think, were able to hear Bill Kolberg at lunch, talk about Bill's speech. Bill Kolberg's remarks at lunch really set the stage for what I want to say—what I want to say in a far less effective way than Arnie has. It seems to me that the employment service is moving back into a shell, failing to accept the challenge that is before it, and in effect abandoning the concept of the comprehensive manpower program. I hope I'm wrong.

The reason I'm going to do what I plan today is to try to bring the issue out clearly before us and hope that my interpretation of what was said at lunch today is wrong, and if it's wrong, I'd like to have it discussed. I hope I'm not unfair in interpreting what Mr. Kolberg said. I have a great deal of respect for Bill. As a matter of fact it ought to be remembered that I was the one who decided that the Department of Labor needed Bill Kolberg and brought him back from the Bureau of the Budget the first time.

He said at lunch today that really one central theme of the employment service should be placement. We have to really go back to placement and provide employers with the jobs they need, fill their job orders. That was a central basic theme. Well, that's fine as a theme but then he went on to say that he supported manpower revenue sharing and that the whole concept of manpower revenue sharing was to give to the local elected official the determination of the expenditure of funds and how he is going to handle the manpower revenue money in the local communities.

He further said the Department of Labor was not going to dictate who the prime sponsor, or, as we use the phrase, who the presumptive deliverer of manpower services would be. Instead the local

official would be able to purchase placement services and hopefully other services from the employment service, but that the local official receiving the manpower revenue funds would make those decisions through the local autonomy which is given under manpower revenue sharing.

Mr. Kolberg then went on to say that "some local officials will say that we want to do it alone" and will proceed to carry on the manpower function alone. And I would say that it seems to me that what will happen is that "some local officials may decide to go to the employment service for help." Therein lie the problem and the difficulty.

A careful look at all the facts indicates that the local officials will have manpower services performed by somebody else other than the employment service. The employment service will lose out in this kind of game. I would have thought particularly that as we approach the coincidence of the community action agencies going out of business on July 1, as far as Federal funding is concerned, and the 40th anniversary of the USES, that major elected local officials would not be given an alternative in selecting a prime sponsor. The local official, no longer having any direct Federal support for the CAA, should not be put in the position of going either to the employment service with his manpower revenue funds, or to some other local agency like OIC, SER, or someone else to decide how to use the manpower revenue funds to continue the manpower functions of the community action agencies.

I am not quite sure what will happen, but it seems to me that we should not go the route of saying that the mayor will be free to make the decision. On the 40th anniversary of the employment service, there should be a rededication of the concept we were trying to establish over the last 10 to 12 years, namely, that the employment service should become the comprehensive manpower agency at the State and local level. I don't see that happening under local autonomy. The local officials, being free to make their decision as to where they will purchase the comprehensive manpower functions, will not go to the employment service in my judgment.

I would have hoped that, at this point, the 40th anniversary of the Wagner-Peyser Act, we could have dedicated ourselves instead to seeing how the employment service could be made into a comprehensive manpower agency.

What we need is a new law. That means deciding how we amend or rewrite a law which is now 40 years old—a law that has not been amended basically since it was passed in 1933, except as a regulations change that flowed from the Social Security Act.

In 40 years, much has happened. The law needs to be rethought—to be thought through again and again. We ought to be thinking about how that employment service can meet the functions and demands and needs of the decade of the 1970's and 1980's; how the employment service can become the comprehensive manpower agency that links itself clearly with the local community—with the other deliverers of services and related activities that make manpower a key to the community. It seems to me as we talk about what the new law should be, we ought to be talking about a manpower agency and not just an employment service. We ought to talk about the employment service being the deliverer of all manpower services linked with the rest of the community for related services.

I agree with Mr. Kolberg that the rhetoric of federalization is unnecessary. I have never really actively talked about federalization in any of my involvement in the employment service but I do say that I think we need to establish a very strong Federal involvement, Federal direction, Federal participation in the local community's decisions to carry out the activities in the manpower field. You cannot just turn over manpower revenue sharing money to the local community without there being a continued implicit Federal involvement. I agree with Arnie Weber, that we have problems that are national in scope and that local resolution of these problems are not really in the cards. One has to think of them in terms of the much broader issues. I would like to have seen this celebration of the 40th anniversary of the USES as a dedication to the concept of a Federal strengthening of the Federal position without involving federalization. It still goes to the concept of letting the local community decide on the allocation and distribution of its funds but doing it by following very careful national goals and objectives that are set out in advance.

I think it's time for us to be talking in the employment service about separating the funding of the employment service from the UI trust accounts. It's time to be talking about supporting the employment service through general revenue and not through an employer payroll tax as in the main it is now supported. There have been certain recent alterations in that, which are to the good, but they are not far enough. We need, it seems to

me, to revise the Wagner-Peyser Act, to develop the kind of linkages that can be gotten only through an establishment of manpower planning councils. We must get at the local community to be able to create something that is effective rather than ineffective as the Cooperative Area Manpower Planning System (CAMPS) program has been. I think, as the manpower planning councils are developing today—as they're being recreated—that you must have some authority to pull together at that local community the resources from the various agencies that are involved in the comprehensive manpower program.

I would like to see a revitalized and refreshed employment service be that local manpower comprehensive agency. I think we need, under Federal involvement and Federal direction, to be able to establish priorities in terms of goals and objectives that the local community will follow. I don't think we can turn over all simple authority to the local community itself.

In any case, instead of moving to a central theme of placement, I would have hoped that an improved and rededicated employment service would become a central comprehensive manpower agency. It is certainly conceivable that, by concentrating our emphasis upon placement and hoping that locally elected officials would choose to go to the employment service not only for placement but other manpower services, that the employment service will back into the broader function. I hope that this is the implication of Mr. Kolberg's remarks. Because the mayor or the local elected official is really going to have no other place to go. The employment service, while concentrating on placement, may really back into a much broader function as the central manpower agency. Particularly with the CAA's going out of business and with OIC and SER not getting direct Federal support, maybe the employment service will be able to become that central manpower agency.

I differ in my thinking by saying that in order to develop the employment service into a comprehensive manpower agency, we ought to have a more frontal approach to the problem, more direct and through new legislation. The employment service will not gain the strength on its own to fulfill the manpower functions of a local community. Instead, competing forces will take over. The placement function may be lost to the employment service unless we basically revitalize the employment service by new thinking and by developing and enacting through the Congress a modernized, revised Wagner-Peyser Act.

BIOGRAPHY

Stanley Ruttenberg is a graduate of the Massanutten Military Academy. In 1937, he graduated from the University of Pittsburgh with a B.S. degree. He was director of the Department of Education and Research of CIO, 1948-55; associate director of research from 1939 to 1948 [except for a 3-year tour in the Army]; CIO organizer and field representative in the Ohio Valley prior to 1939 and assistant director, Hull House, 1938. He was director of the Economic Policy Committee, AFL-CIO, 1956-63; director of the Department of Research, AFL-CIO, 1956-63; economic advisor to the Secretary of Labor, 1963-65, and currently he is president of Stanley H. Ruttenberg and Associates, Inc., consultants in economic research and manpower utilization in community affairs. Mr. Ruttenberg served as Assistant Secretary for Manpower, U.S. Department of Labor, June 1966 through 1969, during which time he also served as Manpower Administrator.

Panelist—Chairman

Malcolm R. Lovell, Jr.
President
Rubber Manufacturers Association
(former Assistant Secretary for Manpower,
U.S. Department of Labor)

I would like to talk about both the role of the employment service and its relationship to a national manpower program. The employment service's activities, whether in deciding the fate of those leaving Ellis Island or finding jobs for the blacks and the Chicanos or indeed the veterans of today, really are determined not by local authorities but by Congress and the U.S. Department of Labor in Washington, D.C.

Many people assume that if the employment service were to develop into a comprehensive manpower agency, it could play a very major role in eliminating poverty, eliminating discrimination, reducing unemployment by reducing the length of time that people are unemployed, and so on. I would like to take issue with that because there is no substantial evidence that the techniques and the tools the employment service has been using, other than the labor exchange functions, have played a very major role in changing the economic lives of the people we have tried to help.

The minimum of 4 million people that are looking for work, the failures of the education system, and the results of discrimination are well known to all. To say that the employment service by itself can expect to solve these problems is to deal in deceptions. So I would like to suggest that the direction the employment service is taking today is wise. First of all, it is increasing placements of people who are out of work—and most unemployed are somewhat disadvantaged. The fact is, however, that more minorities *are* being placed, more disadvantaged people *are* being placed, and we are doing this by stressing the function we know best—making placements. If you look at the placement rates of the employment service starting in 1966 and trace it until the present time, you will find that as total placements fell the absolute number of disadvantaged placements fell and more recently as total placements increased the absolute number of disadvantaged placements increased. I think this is a business which has both economic and social justification

of a high order and it seems to me that the direction the employment service is proceeding in now is a wise one.

Now, let me say one or two things about the revenue sharing concept which I have warmly supported though I have had some concern about viewing it as a panacea. I don't think we can look upon manpower as a homogeneous activity. It is very heterogeneous, and it really all comes under one title more by convenience than logic. Let me outline what I believe to be the basic ingredients of a national manpower effort. First, we have the labor exchange function, which I have just discussed. The second is the vocational training program. The statistics show it has performed badly because we have made no effort to set high standards of performance. I think this Nation needs a strong vocational education system for people who are out of school, and professional leadership should not be further fractured by mixing vocational education money with resources for job creation. We need to give attention as a Nation to our capacity to provide vocational training to people who are out of work, whether they're adversely affected by trade decisions, by monetary decisions, by national priority decisisions, or whether they're just unlucky. If unemployed people are interested in getting training and need it to obtain employment, we should, in this rich Nation, have the capacity to provide it.

Thirdly, we have argued for many years about public service employment and various subsidized work programs. A goodly portion of our manpower funds have always been used for job support, and revenue sharing is ideal for programs of this nature. We are caught, however, in a serious dilemma with this kind of a program for it we are going to use it in an imaginative way to provide either a work test or employment opportunities for those who have indeed no other work opportunity, the wages paid should not be more attractive than those paid on jobs that are already in existence.

I do think, however, that the Nation does need the capacity to provide work at perhaps less desirable wages for those for whom no other work is available.

Our fourth manpower category is found in the temporary income support programs. Neither the unemployment insurance program nor our welfare program should have their resources lumped in the allocation process with other manpower funds. Neither should one have to take training just to get income; it brings a lot of people into the training programs that don't want training and won't profit by it. We clearly need a more refined income support program for those that are truly in the labor market and who have done everything they can to find work without success.

So I think that rather than allocating all manpower funds under one broad formula, we need to recognize the disparate nature of our major manpower components as we move to strengthen local authority.

BIOGRAPHY

Malcolm R. Lovell, Jr., graduated from the Harvard Business School with a master's degree in business administration in 1946. He was manager of employee services for American Motors, 1958-62; he was a member of the Michigan State Labor Mediation Board, 1963-64; he was the first director of the Michigan Economic Opportunity Commission. He also served as director of the Michigan Employment Security Commission in 1965 and was reappointed again in 1967. He joined the Department of Labor as Manpower Administrator and then moved on to his job as Assistant Secretary for Manpower, July 3, 1970, and, of course, moved on to be president of the Rubber Manufacturers Association in January 1973.

Discussion Groups

Discussion Group
I

Improving Services to Employers. Reducing Critical Skill Vacancies. The Vickery Report.

Chairman:

William L. Heartwell, Jr.

Commissioner
Virginia Employment Commission

Presentation:

Laurence L. Vickery

Director, Employment Practices
General Motors Corporation

Summary of Group Discussion:

Richard Mendenhall

Chief, Division of State Employment
Delivery Systems, USES

Chairman: William L. Heartwell, Jr.

Let me bring this session to order and welcome all of you. We appreciate your attendance here. It's really reassuring to look back and see that we've got a good mix this morning of State administrators, regional and Federal people, and I trust some employers.

I think by way of getting into our subject matter, which is "Improving Services to Employers," that the report that Mr. Vickery will make to you will emphasize some of the major concerns of administrators conducting all of the title III, the unemployment insurance, the manpower programs, WIN, etc. I will express some of these concerns that we feel on how we can do a more effective job in our respective States.

I think the Interstate Conference of Employment Security Agencies actually can take some credit for this report, because after the Urban Coalition lawyers' report came out with their rather stinging and ringing denunciation of the employment service, we went to the Assistant Secretary and asked that a responsible group of businessmen, of employers, or someone who could look at all of these problems, all of these criticisms objectively, be appointed by the Department of Labor to make a realistic and objective type of appraisal of our services.

I think most State administrators have digested this report very thoroughly, but for those of you who are not familiar with it, Mr. Vickery will get into this a little later. We do feel that it was an objective report in the six cities that were surveyed. We think that some of the recommendations were excellent, some we hope can be implemented, and I think one of the things that impressed me about the report was the fact that the committee itself, the National Employers' Committee, which Mr. Vickery headed up, felt that additional work needed to be done, additional research to follow up on some of these problems that confront us all, and it is my understanding that this will be continued.

Now, looking at employee relations or improving services to employers, this will vary, of course, from State to State depending on the economy, the mix, the relationship to both business and labor, the relationship of administrators to governors, to mayors, and the chamber of commerce.

In my State of Virginia, we recognize that as a result of the new direction of the employment service in the 1960's we lost some of the respect we previously had from employers. Our image had deteriorated tremendously. We examined the placements we had made in the sixties and found that many were menial-type jobs. Employers were not sending us the volume of white-collar or blue-collar openings they had in the past. We decided to launch a well organized concerted effort aimed strictly at employers, feeling that with this approach we would also generate additional applicant interest.

We started this by locating funds so that all of our local office managers could join the necessary business clubs in their community. They were actually mandated to participate in activities which businessmen were representing, whether it was a local chamber of commerce, the lions, or what have you. We decided to set up a rather sophisticated series of seminars for our major employers around the State, 16 in all, with a very well documented film strip of our services, again oriented to employers.

We found additional funds to hire an advertising agency to help us launch a public relations program and we are fortunate in that we paid for it all without calling on public service announcements, employer contributions; we found the money to run full page ads in our local newspaper for a period of 6 months, to have television commercials appearing in prime time basically directed at the type of audience at baseball, basketball games. Radio commercials enlisting support for jobs for veterans. We feel that this approach has created a better image of employment service. We were amazed to find out first that our openings in this period of time increased by 26 percent from employers and that our placements increased by 21 percent and I think that what is even more encouraging, we started placing Ph. D.'s.

Now, in looking at this increase in placements, I think one of the most encouraging factors was that 32 percent were in what I would call the commercial and professional category, middle management and up. We started getting orders for good jobs. This has convinced us that with a concerted effort, you can create a better understanding with your employers with just a little bit extra. This whole program of concentrated concerted effort that we're talking about ran us roughly a quarter of a million dollars.

We want to recognize the fact that our speaker

this morning, Mr. Laurence Vickery, looked at six cities as far as the effectiveness of the employment service is concerned, and came up, as I stated, with some recommendations from which I think we can all certainly profit. As a way of introducing Larry Vickery, he is currently director of employment practices on the industrial relations staff of General Motors in Detroit. He's a graduate of Kalamazoo College. He received his master's degree in economics from the University of Michigan. Mr. Vickery.

Presentation: Laurence L. Vickery

Thank you. I think it would be proper, and it would help me to get a better perspective on how we might do this best if I could get an indication by a show of hands of how many people in the room have read the report. That's good, that's very good. It gives me a better idea now I think of how many of the bright, smiling faces out there came to learn about the report, or came to discuss it. I think it would be appropriate to discuss it because there are myths about the report that I would like to attempt to explore. For starters, the report did generate from a group of employer representatives. But I think that it could be dangerous in terms of calling this an employers' report from the standpoint of looking at the direction we've recommended in assuming that it's only geared up or designed to help employers; that's not the idea of it, at all. And yet, the myth is that the report is an employer's report, biased in favor of employers.

I'm going to suggest to you that we think about a common denominator as we discuss the report and I'd welcome you to interrupt at any time because I think it is important that we keep this informal. The common denominator I'm thinking of is that in the employment service, the basic function we're trying to perform is "to fill a job opening with a referral applicant" and all the other things we talk about should somehow focus our attention on that one basic operation. There has to be a job, there has to be a qualified applicant. We got into this whole business because employers were saying things like, "We're not getting qualified applicants on a timely basis"—those two things. And this is why employers were not, and, in many instances, are not in many areas of the country, using the employment service as much as you would like and I think as much as we would like based on the recommendations contained in the report.

This entire business kind of reminds me of a story about a person who was applying for a job as a truckdriver and was undergoing a particular psychological test, a kind of a stress situation; the psychologist was trying to find out, "What would you do under these circumstances?" So he said, "You're driving your truck on a mountain road and you have a heavy load of steel in back and as you make a turn on the mountain, right dead in front of you, and you're highballing it, there's another truck just as big as yours and equally loaded with heavy steel and it's broken down, directly in your path. On your left, on the approaching lane, there's a volkswagen and on the right there is a mountain. What would you do?" The truckdriver replied, "Well, I'd wake up Sam." The psychologist asked, "Who's Sam?" The applicant replied, "Well, Sam's my relief driver and he's sleeping in back." "But why would you wake up Sam?" The applicant replied, "'Cause Sam ain't never seen an accident like this." The point of the story, I think, is that if we continue in the employment service to go about our business in a way in which we have over the last number of years, I would liken the employment service to the truckdriver and I guess maybe you could say that the employer was the relief driver sleeping in the back and if the two of us can't get together, there's going to be an accident, the likes of which we've never seen before.

I'd like very briefly to go over some of the points in the report. I've got some notes here; I'm really disturbed by reading things because I know when I'm out there listening and somebody reads, it's not fun, so bear with me if I have to read. What I will attempt to do is hit the highlights of the report and try to clear up some of the myths as I perceive them, and then if you have any questions, we'll talk about them.

First of all, I'm pleased to find out from Mr. Heartwell that he had a hand in the formation of our groups. I kind of wondered how that all happened. We, nevertheless, were asked by the then Assistant Secretary Lovell to meet and consider what could be done, which in the specific charge was "to lay out an agenda and timetable for intensive review and analysis of what the Department of Labor can do to improve the

quality and relevance of the employment service performance to employers," and I think we went beyond this. We went beyond finding things out about the employment service, beyond how it impacts on employers. We realize in the beginning that there have been so many studies and we were determined that this was not going to be just another study. We had employer representatives from seven companies who represented American Telephone and Telegraph, General Electric, General Motors, Humble Oil, Mobil Oil, Sears Roebuck, and 3-M, and these were located in or around six cities and they are the pilot cities: Chicago, Detroit, Houston, New York, Philadelphia, and St. Paul. We are getting questions like, well, how come those six cities, and it was because the employer representatives were from those areas, and it was convenient to work in and around those kinds of geographic locations.

We establish a unique departure from what some of the other studies have been doing by electing to work with the employment service and find out from the employment service, "What is it about your service that you think could stand some improvements?" Before, it was, I think, more like a situation where an outsider was looking on and coming up with some ideas or recommendations in a vaccum without really testing them out with you to see what it was you really had to have done for you. We established some joint committees in each of these six cities and we had representatives, not only from employer group meetings, but jointly from the employment service, very often meeting in the local employment service office. We talked at those times about the background of the employment service, trying to get employers more familiar with what your problems are. We began, I think, way back with the Wagner-Peyser Act; we went through fundamental manpower questions, legislation, possible policy considerations, and even making field trips, in some instances, to the field office if we were not meeting there to see how the operation really ran.

As a result of these meetings, we did begin to see emerging in all six cities a kind of pattern of key issues or key problems and we categorized these into five basic groups. The first one was, I guess, essentially a need to get a better assignment of priorities from the Federal partner. There was a need for clarification of basic employment service policy in direction at the national level of the Federal/State relationship. The next key issue was an answer to the question of why many employers and some potential applicants don't use these employment services. You have heard, I'm sure, plenty about that. And next, a consideration of the role or the actual organization that the employment service should take. Fourth, consideration of the effectiveness of relations and communications between employers and representatives of the employment service. And last, a consideration of the effectiveness of the employment service personnel system and standards of performance, and how we are doing in each of these offices.

Well, around and through these five key issues, we built a report of 59 pages, which most of you have indicated you have read, and those of you who haven't, let me tell you it's available through the Manpower Administration of the Department of Labor and they'd be pleased to send you a copy and we'd be pleased to hear your comments if you do obtain a copy and read it. I think it would be appropriate to go into a little more depth on the five issues, and if I say something that raises a question, jot it down and we can talk about it, or stop me wherever I am.

The first item which deals with the assignment of priorities was a major problem as the employment service representatives explained it to the employers. The employers found that directives and guidelines from Washington to the local employment service office level encompass such a mixture of policy, procedural, and administrative instructions that they cause confusion and waste and, through rigidity, prevent local needs from being met. The local employment services are expected to be like the man who jumped on his horse and rode off in all directions; it can't be done.

Employers recommend, therefore, that Federal leadership be clarified and its operation streamlined. They believe a more effective system can result only if there is advance consultation with State and local employment service managers which takes place before the planning and development of manpower, legislation, and programs, not after, as is so often the case in the present system. Let me remind you at this point that this recommendation really is designed exclusively to be of help to the government, not employers. It is not directed at employers, obviously. The committee believes that on the basis of what it had heard from six cities that there's a pressing need for clarification of basic employment service policy, function, direction, and this includes administration, communica-

tions, funding, and accountability. The employers definitely want the local employment service offices to be given more local freedom to manage their assignments in metropolitan areas.

The second issue dealt with an answer to why many employers and some potential applicants don't use the employment service, and I don't think we need to dwell on this except to get back to one of my original points, and that is that we need to stick with a common denominator. We saw really four trends that would represent reasons why applicants, as well as employers, don't use the service: (1) that there is a lack of qualified jobseekers from the viewpoint of the employer and these are not referred on a timely basis; (2) that there is a lack of personalized service; (3) that there is a generally poor community image of the service (and I was very pleased with your remarks, Mr. Heartwell, and I think that we know about some of the things you were doing and would heartily recommend them to the audience in terms of advertising geared to change the community image of the employment service, because the service did a marvelous job); and (4) the dilution of original responsibility of the service. And here, of course, we are getting to one of the key points, that we believe the service is automatically kind of switching over to, irrespective of the existence of a report such as ours, and that is that you are fundamentally in the business to place people in jobs. Job placement ought to be one of your major responsibilities.

The third issue is a consideration of the role or organization of the employment service. We said that we thought we really did not have the expertise or the technical ability to recognize the Department of Labor.

Having made that observation we think it should be apparent that we really did not mean it, because then we set down some ideas of ours as to how the reorganization could be accomplished. I think it might be appropriate to parallel this with lines of demarcation that will allow you to understand exactly what it is that you are doing in the employment service. If these activities physically cannot be separated, then certainly, clearly from an administrative point, the services that your local offices provide in these activities ought to be coordinated and separated. It is like the story in a Groucho Marx film. He was a lawyer and was in a ratty kind of office; it was very disordered and the file drawers were half open, half closed, and there was litter all over the place, and lots of flies were on the ceiling and walking all over. Well, a client came in and was disturbed by this disorder and commented on the flies and Marx said, "We have got a working agreement, that they don't practice law and we don't walk on the ceiling."

We felt that the employment service needed a better working agreement and we recommended in place of the current employment service structure that a comprehensive manpower agency be established with the overall responsibility to provide services to employers and applicants who want and needed help. The manpower agency, we thought, could be organized to provide for three distinctly separated services. First, a job placement service for applicants who are occupationally qualified and job ready. Second, an unemployment insurance service—we already have that—for those qualifying for unemployment insurance. Third, a distinctly separate applicants' service which should counsel and test applicants who are not qualified and/or not job ready, and then go about the business of getting them job ready, whatever that takes. Three separate services—job placement; unemployment insurance; and applicant training.

Now briefly looking at each of these three services, we felt that the job placement service division's paramount operational goal should be to become as efficient and productive a labor exchange as possible, that job-ready applicants would be the only persons served by the job placement division, which should provide a complex of offices to register, refer, and place qualified applicants. And although the job placement division's primary obligation would be to refer qualified applicants to job openings and keep employers currently informed as to the status of the labor market, it would have other responsibilities of a supportive nature and there are recommendations contained in the report.

The unemployment insurance is the second separate division we recommended. Generally we felt that this has been an area that has been functioning fairly well over the years that there are generally few problems as far as people are concerned and in the majority of cases it is filling the job it is supposed to do.

The applicant service division is the third priority in this separation of powers, and there we felt the major task would be to make minimally qualified applicants ready for jobs through a wide variety of training and supportive services. Generally, employer groups were critical of the current Federal methods of assigning responsibilities, as well as the funding and procedural meth-

ods that are now in use for operation of all the manpower programs in various Federal departments. They think that all manpower programs should be coordinated under the direction of the Department of Labor instead of being spread throughout a number of Federal agencies such as the Department of Housing and Urban Development, or the Department of Health, Education, and Welfare, and similar other agencies. They point out that this coordination would serve to eliminate confusion, overlapping, and waste, and help insure the greatest possible amount of money available. Putting it differently—I have learned an expression since I have been coming to Washington over the last year—"the biggest bang for the buck" would benefit those whom the programs were designed to serve, as we don't believe it is now doing. At the minimum, it was recommended that the Secretary of Labor be given the responsibility for reviewing and coordinating the funding of such programs in order to assure the elimination of costly and wasteful duplication of effort. Now, just a word about that: we are asking that the system be streamlined in the applicants service area so that some savings could generate and as a result of those savings the manpower or extra services that would be required to handle the job placement service properly would be available. We understand, on the basis of the way the system now operates, there are many locations where these services could not be physically separated. I think the significant thing is that they be administratively separated so that you are not borrowing, you are not "robbing Peter to pay Paul."

The point here, I think, is that there is some confusion about what the employers are really asking for. You can always find reasons for knocking an idea down. I think the tough thing to do is to find reasons for making it work. Our basic idea is simply that the employment service has been spending so much of its time and effort in an area to train people who are marginally qualified or unqualified and the employment service has, I think, a lot of people who are job ready. The employers, on the other hand, have been sitting out there not willing to even look at the employment service, because from past experience when they get applicants they were often the ones they didn't want to see because they weren't job ready. So they said, "Well, we are going to give up on the employment service." Now, something's got to be done to turn that around. Employers are interested now, and if we go to employers as we would intend to do and we say to them, "Give the employment service a try, they're really going to do this job," and then they send you orders for jobs, the important thing, I think, is that you be able to fill them properly. One of the ways we believe that that can be accomplished is to implement the report recommendations, set up this kind of separation of responsibilities, clarify your purposes in a way that makes job placement one of your fundamental tasks, and maintain that separation, so that you are not duplicating, reassigning people from over there to do a job over there where that really isn't the job placement business.

The next consideration, area number four, is a consideration of the effectiveness of the relations and communications between persons in the employment service. Employers recommend a reexamination and expansion of the current employer relations representative (ERR) specialized career line. They point out that more frequent visits by such individuals to employer premises would give the ERR personnel a better understanding of the business's manpower needs. That sounds really simple, doesn't it? But in reality how often does it work that way? Let me ask you, how many of your ERR's have been in a plant that they are attempting to service and really understand what the job is that needs filling? I mean could they, for example, accurately understand what the specific requisites of the job might be so that the applicant referrals they are looking at have a reasonably odds-on chance of succeeding in the job if they're referred, or if the employer will see them in the same view that the ERR does? We're talking about the need to be able to correlate accurately the requisites of a job to the qualifications to the applicant referral at hand. To the extent possible, the employers recommend that all job orders, referrals, and verifications should be made through a single job placement service office. We are really talking of not a single office, and that might be misleading to you, we're talking about a single individual who is familiar with that employer's needs.

And that raises another myth that relates to the account executive system. Employers don't mean to reestablish the old account executive system where orders were placed underneath the deskpad and were held out and special privileges were granted to certain employers and all that business. That's not what we had in mind at all. What we're suggesting to you is that for you to perform an efficient task of job placement, it

would be better, wouldn't it, for the people who are servicing an employer to understand what that employer's needs are? It is about that simple. And if you get a host of people in a wide diversion of different kinds of needs on the part of employers, it's unlikely that the group of ERR's would be able to perform nearly as well the job placement task while concentrating on a wide range of needs, as would one individual who understands the employer's needs very well. That is what we mean by account executives—that kind of a control.

We also suggest, and it is part of the title of my presentation, the job placement service increase recruitment effort through skilled applicants and other higher rated job professions. That is to say, if we have need for some kind of a superstar and we call the employment service and we say have you got anybody that looks like this and the answer is constantly no, we're going to stop asking you for those kinds of referrals. If we can get a winner from you, we're going to come back to you for that type of referral. Why would we want to spend the kind of money that we do to go out in industry? For example, on college recruiting, why couldn't we call you and get people from college campuses who are as qualified as the people that we are recruiting? We felt that there was a need for consistent communication policy between the employers and the job placement service and we pointed that out in the report, and we attempted to support that concept with various kinds of recommendations.

Now the last area, number five, is a consideration of the effectiveness of employment service personnel systems and standards of performance.

How are we doing, are we doing our job well? And if you don't have some kind of measurement to make that kind of determination, how do you really know? The employers feel that current methods for the selection, training, and promotion of employment service staff can be improved. They suggested additions to training courses to prepare job placement service employees for the added complexities of today's jobs. Citywide workshops is one method we thought might be used; job placement service staffs could attend these as well as other employees. The employers recommend that current personnel systems should be reviewed periodically by outside agencies or by a consultant to assure you that they're properly designed and being kept up to date. A series of national standards and more specific appraisal systems were also recommended as a part of this kind of package for you to look at yourselves. We don't want to look at you, you look at yourselves. The employers believe more recognition must be given to the key role of interviewer in local job placement service offices. It was also recommended that strong efforts be taken to improve the quality of job placement service staff performance, and special methods have been suggested and these are included in the report.

Essentially, that is the heart of the report. There was an addendum we added. The employers recommended in the addendum that permanent employer committees be established in cities nationally if you folks wanted that, to assist in further efforts to improve suggested comprehensive manpower agencies. The employers were merely offering their services to interface with you, to open up a two-way communication, to make other employers understand what it is that you're ready to do, if you're ready to do something, and then to get them on board so that the job openings that you need in order to refer people will be there for you. We indicated specific areas of inquiry that might be investigated, and other assistance such employer-employment service committees might provide the new placement service. And we also suggested that the local employment service agency should initiate a continuing inquiry in the form of feedback reporting so as to find out what both applicants and employers think of the agency's service. And the employers express their sincere appreciation of you people for the expert assistance that we received from metropolitan area supervisors of the employment service and their staffs during this entire study. This completes a review of the report.

Summary of Group Discussion: Richard Mendenhall

Interest in the National Employers' Committee report has taken on added impetus since Assistant Secretary Kolberg revealed plans to implement the basic recommendations and to continue further studies. The broad and realistic approach taken by the National Employer's Committee has been well received among State administrators, been well received among State administrators, and gives all indications of resolving what has now been a major stumbling block in the development of a truly comprehensive public agency. The employers did not take a narrow self-serving approach, but one that would make for a more efficient service.

To facilitate implementation of these recommendations, four-man teams consisting of national, regional, State, and local office representatives have been formed to assist each of the six selected experimental cities (New York, Philadelphia, Chicago, St. Paul, and Houston). Additionally, every effort has been, and will continue to be, made to integrate U.S. Department of Labor local office location considerations in the selected cities. This is imperative since one of the committee's key recommendations revolved around their concern about current office structure and geographic location.

Dependent upon which implementation factors are successful, plans are already under way for the exportation of the proven elements from the six experimental areas to the remainder of the 50 largest cities.

Finally, it should be brought to the attention of all readers, that this reviewer has taken a minor degree of literary license in the consolidation of discussions into the space allocated. Since no question and answer period follows a preconceived and carefully structured route, an attempt has been made to consolidate the myriad of questions posed—and the resultant responses—into major functional and programmatic areas. Thus, one question as recorded in the following presentation may well represent a number of questions that were posed in the actual discussion. In like manner, the discussion responses are also a consolidation of reactions that may well have been far removed from the sequential flow presented herein. At any rate, it is hoped that nothing of importance has been omitted, and that the presentation will be of interest to the reader.

Account Executive

The report recommends an account executive. Please discuss his duties and possible relationship to Job Bank.

The account executive concept (one individual or a small group of persons) as seen by Mr. Vickery is a local office staff member who better understands and is more fully aware of the many problems that confront businessmen today in hiring people—the differing, and often complex, mandates under which employers operate, as well as the many difficulties that may arise in their dealings with the public employment service.

It was generally felt that the account executive concept can work with all retrieval systems—including the Job Bank. The recommendation for an account executive was not intended to disturb or destroy any kind of an automated selection system. By the same rationale, it was not intended that this recommendation should serve as the vehicle by which State employment agencies would revert to some sort of historical anachronism whereby certain employers were afforded certain privileges, and each individual interviewer could operate his own narrowly defined, almost private, employment service. The committee thought only along the lines that an account executive—of some form—in becoming more familiar with an individual employer's needs, could automatically do a better job of placement; that the job requisites and applicant qualifications would be better matched; fewer applicants would need to be referred per actual hire; and that only the higher qualified applicants would be referred.

The question of the account executive concept has been wrestled with for some time because we are well aware that, as a general rule, the employers desire a more personal relationship with their local employment service office. To accomplish this, it was also recommended that orders be held in the receiving office for a period of up to 48 hours and then, if not filled, be put in the Job Bank network (this can pose some rather peculiar problems in either multioffice cities with a decentralized order-taking structure, or in a fully operational statewide Job Bank system).

The employer committee did not know just how the account executive concept could be meshed with Job Bank operations—but felt strongly that it could, and should, be accomplished. They rightfully expect that an agency which has been experimenting from 5 to 7 years with some form of Job Bank should be able to evolve a solution which best fits their demographic peculiarities, employer needs, and applicant desires.

The employers want to give their orders to a known and recognized individual. How that person handles the order and uses the Job Bank is a problem of local office organization and structure, and is of no real concern to them—provided their order is expeditiously handled, and that only properly qualified candidates are referred. It is expected that the designated account executive will use the most rapid and advanced system he has available—but it is up to him how he is going to best utilize that system. Contrary to belief, giving all of this responsibility to an employer relations representative would seem to be taking a considerable risk. Presumably, the ERR would be out of the office the bulk of the day resolving

problems, developing new orders, and otherwise working with the employer community.

Artificial Qualifications

What does the report recommend the employment service do about the artificial job qualifications many employers establish—for example, an applicant has to be a high school graduate or have perhaps 2 years of college to be employed on an entry job or as a sweeper?

Part of the answer is that the employer committee members are aware of this problem—particularly from the standpoint of the larger corporations. Where such a problem exists, they are attempting to counsel the plant—encouraging employers to relax their standards so that they can better utilize the employment service. However, it will be difficult, if not impossible, to change hiring standards set by union agreement. Requirements for the salaried work force are more open to discussion.

It will probably be a long time, if ever, before the employment service gets employers to the point where they'll say, "Okay, we'll take all our referrals from you, nobody else." This will not occur until the employment service can show them it will deliver the kind of people they are looking for in a timely fashion. If that happens, it will then be economically preferable to close company personnel departments—but one must also remember that employers also tend to guard their established way of doing things.

An experience was recited involving one of the largest American corporations. It was brought to the attention of the corporation's president that when a Vietnam veteran, a master sergeant who had been a microwave technician in the Army, applied for employment he ran up against a hiring policy based on their union contract which required a new worker to enter at the very first level of employment—as a janitor or a maintenance man. When top management learned of this, corrective steps were initiated. Just as with the committee recommendations, it is difficult to correct a situation until the problem is identified and possible solutions considered. It is hoped that the recommendations have surfaced employer concerns and that corrective actions can be taken.

A similar question in this area of concern was posed as follows: "Whan can employers do in helping the employment service meet the community need for jobs for the less well qualified and lower caliber workers?"

Although the question was not answered in a specific sense, the response did offer some enlightening factors, i.e., "The employers are learning: (1) that the profile of the labor force has changed considerably from the days when they could pick and choose to get the best qualifications, and (2) that applicants from the employment service are just as qualified and just as capable as people walking in off the streets. Some of the committee members who began to use the employment service because they were on the committee were agreeably surprised at the caliber of the applicants they received."

(Reviewer's note: It would appear that inherent in this response is the implication that, like us, ideas and attitudes may be changing and that active participation at the local level may well be a clue. At any rate, it is a long, slow process based upon faith and learning, and not an overnight miracle.)

Dispersion

One of the committee's recommendations pertains to the dispersion of offices and also concerns the character of offices that do exist. Interest was expressed in the committee's considerations and reasons.

One aspect of the problem was deterioration of the area where a central city office was located—the fact that people would not go there, plus the gradual movement of people and jobs to the peripheral areas surrounding the cities. People and job locations were no longer communsurate with office sites. The other phase was that some cities wanted outposts of the employment service in suburban communities to attract the higher type of applicants. These two "drives" resulted in the suggestion for dispersion. It will be up to the employment service to develop the basic data for planning and implementing such action.

In the major cities, the employers like the separate physical facilities for employment service and unemployment insurance; however, they hope that job placement people would be present in the UI offices to try to put people to work. In middle-sized cities, having separate offices might be difficult; in smaller communities it would be impossible. But if it can't be done physically and administratively, as much separation as possible should be made.

Manpower Revenue Sharing

Questions pertaining to this area can be summed up in one basic concern: What does the report have to say about the employment service and manpower revenue sharing?

Manpower revenue sharing (MRS) entered the picture after this report was written. However, the city employer committees are still operative and they are worried about the effects of MRS on the employment service. Mr. Fred Fischer's personal viewpoint is that Federal provisions should be made to prevent the employment service and its functions from becoming "political footballs for prime sponsors." He feels certain it would be more difficult to get employers interested in employment service operations if those employment services were run by prime sponsors instead of the present Federal/State relationship. It would be very difficult to get local employers to wholeheartedly support a local political employment service, though they might have to get referrals.

Where the governors and mayors either have designated or indicated an intention to designate their agencies as prime sponsors, agency administrators are both happy and apprehensive. They know they will be getting new responsibilities, but they have a question as to what being a prime sponsor is going to do to relationships with the employer community. They are also wondering if they are going to get more and more into the political arena and be responsible to a mayor, a governor, and a general assembly as well as to the Federal Government. How many bosses are they going to have?

It was pointed out that two different programs are involved—employment service operations under title III will continue, and hopefully improve; employment service as prime sponsor under manpower revenue sharing is a different kind of thing altogether. Where a manpower development program has functioned well under employment service administrative operation, it should continue under employment service direction and not be made a party to possible local and State political considerations. But there are other factors which employer-taxpayer ought to consider insofar as other prime sponsor programing is concerned. There are, for instance, many activities that are included in the cost of an employment service placement transaction—labor market information, occupational research, test development and validation, everything from immigration to what have you. It may not be possible to continue many—if any—of these activities at their present levels unless there is a spinoff from manpower revenue sharing funds before individual allotments are made.

Employer Relations Representative

From the first publication of this report, there has been considerable emphasis placed upon the import of the employment relations representatives and their new role as a result of the recommendations. It was surprising, therefore, that the only discussion of this area revolved around one major concern: "What do employers think is the kind of person who should be assigned as an employer relations representative?"

The committee feels strongly that the employment service employer representative should serve primarily as a public relations man between his agency and the various employers in his locale. He must know what the employers' primary needs are. He must be personally, as well as profesionally, interested in their problems.

The best people for this position are mature individuals in their 40's or 50's with a thorough knowledge of employment service operations and services. They should probably be former salesmen who have called on businessmen for years. But many State merit systems don't have any provisions for getting such people into this particular assignment. The only route open to the State agencies is to train present employees.

If the employer relations representative lives up to what the report has outlined for him and if he goes to talk to the personnel director for a major employer, that guy's going to hire him. So the employment service should place him at a pretty good salary level in order to keep him.

Public Relations Program

There was much favorable comment on, and agreement with, the committee's recommendation that the employment service needed a newly channeled and updated public relations program. In this respect, there was considerable interest shown in the State of Virginia's public relations program and the committee's reaction to it.

It was not evaluated by the National Employer's Committee because none of their six cities was located in Virginia. Most information available about it came from the article in the May 1973 MANPOWER magazine. The program cost

a quarter of a million dollars for a full year. It was so successful, however, that the State's employer community has offered to subsidize it if necessary.

The employer representatives reendorsed this recommendation, but cautioned that the employment service must be certain that it has something to sell before it begins advertising its services.

Applicant Service

Upon publication of the National Employers' Committee recommendations, there was much discussion surrounding the proposed establishment of an applicant service separate and apart from the job placement function and the unemployment insurance function. Many involved persons took an immediately firm stand either pro or con. During this discussion, however, there was only a brief reference to this third type of service. This reference can be briefly summed up with one word: "Why?"

The employer representatives explained that one of the specific purposes of the recommendation was to cause people to think about the duplication of effort. Why are 15 programs doing the same damn thing? If these activities could be coordinated, it would save a lot of money that could then be put into job placement.

Unemployment Insurance

The National Employers' Committee was established to study the changes required in order for the employment service to better reach its established goals. It is impossible, however, to honestly examine any major functional portion in isolation from the others. Any change made in one area has impact on the others. Thus, the committee also had to take into account the import of their recommendations on ES/UI relationships. Discussion of this vital area was opened with the question, "What was the nature and degree of employer concern with ES/UI in this study?"

The Department of Labor's thinking in eliciting the employer committee's aid was based on a notion that employers were spending $550 million annually in taxes and that they might be interested in what was happening to the money. To answer the question "Are we interested?"—"Hell, yes!"

In approaching this study, the employers took an objective viewpoint: What can the employment servivce do to benefit its whole system—"in order to benefit employers and applicants, there are a number of key things that have to be done." It was felt that the separation of administrative tasks under a comprehensive agency is fundamental to avoid confusing and conflicting direction.

At other times and in other contexts, employers have and will continue to take a very active role in protecting their interests in the unemployment insurance function; however, they are slow to show interest in manpower programs. To stimulate their interest, the employment service might inform employers that their UI tax and trust fund dollars are being diluted tremendously because of the additional services and personnel required by the manpower programs. The financing of all these programs is one of the major things the public employment service needs.

Merit Systems

The possibility of influencing State merit systems to improve classification and salary structures was discussed.

Such action would be helpful to the States, but first they should be consulted so that whatever the national office recommends fits their needs.

The employer committees that understand the problem might help achieve classification reforms by lending their weight in their States.

Economic Impact

A question was raised concerning possible action by city employer committees on community problems of adverse economic impact due to cutbacks in defense expenditures, or resulting from safety or environmental control regulations.

While the employers are naturally concerned about these matters, they do not feel they are problems which should be included in a study directed at improving the quality and relevance of employment service performance to employers.

Conclusion

With general acceptance of the National Employers' Committee recommendations comes an opportunity to relocate offices and to restructure staff so that the employment service can provide better and more timely assistance to both employers and applicants. During this time of experimentation, the committee recommends that there be the greatest latitude possible. The city committees are willing to go in any direction;

there are no frozen attitudes. As soon as new and better ways are learned in any city, it should be communicated to the other five. Experimentation is the only way to find out if these ideas will work, and any input that anyone can make will be most welcome.

This discussion group was chaired by William Heartwell, commissioner of the Virginia Employment Commission. Laurence Vickery, chairman, and Fred Fischer, executive secretary of the National Employers' Committee, responded to the questions and interpreted employer attitudes.

Discussion Group II

Improving the Operation of the Labor Market, The Feasibility of Developing a Computer Matching System

Chairman:

Francis Walsh

Administrator
Wisconsin Employment Security Division

Presentation:

Dr. R. Thayne Robson

University of Utah

Summary of Group Discussion:

Lawrence B. Daniels

Chief, Division of Manpower Matching Systems, USES

Chairman: Francis Walsh

What we hope to do in these discussion sessions is to get a little more specific about some of the items that were highlighted in the presentation by Dr. Holt and some of the responses to his presentation. We hope that we can get your involvement in the discussion after some brief presentations have been made. It's our hope that we'll have some lively give and take and that you will have considered some of the comments and presentations, and be ready to go at it.

I would like to make a few comments. In Wisconsin we have been experimenting with computer job matching as one of four States, and I think part of our discussion this morning will have to do with that aspect of managing the labor market. My own personal observation is that we need to get down to the specifics, to the people problems in this technique for helping to manage the labor market, and despite the fact that in Wisconsin I think we've made a considerable amount of progress, particularly on the job applicant side we've got a long, long way to go and not only on that side but particularly on the side of the job order. We just haven't found yet, I think, the real descriptors that permit us to describe jobs the way they should be. I think in a general sense we've paid a lot of attention to the kind of work people do but not much to the people who are doing the work. We really haven't, I think, any place in sociology, psychology, or elsewhere really done the job of studying the psychological rewards or lack of rewards in jobs. I think a great deal needs to be done in this area.

As we go along here we may have a chance to talk about some of the specifics of the computer matching projects that have been going on around the country and I'll be glad to make more specific contributions at that time.

Presentation: Dr. R. Thayne Robson

I think we get down to the basic kind of problem where our assignment here is to see if we can't come up in discussion with some real substance of recommendations on the 40th anniversary of the Wagner-Peyser Act for improving the way labor markets function in our society and more particularly to improve the role of the employment service and understand its role and function in improving the performance of labor markets. I want to make two or three comments very quickly this morning to put that into some perspective in light of what we have already heard.

I start off generally sharing Charlie Holt's concern that we have to upgrade and improve and expand the employment service. I spend as much time in my life damning the employment service as most other people, but I really never found a substitute for the employment service nor have I ever found any organization or institution that performed its functions as well. The only possible challenge I ever heard to that argument is the one that Louis Levine gave us out there this morning; that is, that the private agencies are doing exceedingly well. They're growing and prospering, we're told; I think that was an assertion. I really wish we had time to explore that, but I think we get down to the proposition, how do you make labor markets function better?

It's one thing to damn the American economy, and I can do that, because we don't have more good jobs and fewer bad jobs and there's a wide range of policy that could deal with that issue. I take it that's not the primary function of today; there are 85 million people out there. There are a tremendous number unknown but a sizable number of transactions in the laboring market. We are concerned about who gets what out of the labor market and what we can do to improve the system, and then more particularly today we're supposed to zero in on the question, can we improve the function of labor markets through a nationwide computer-based job-matching system of the kind that Mr. Walsh has referred to?

So I would hope we'd really come down to the concrete kinds of things about improving how labor markets function and I would hope that we'd take as our point of reference some of the recommendations Dr. Holt made, that we can in fact do a better job of matching men in jobs in manpower services than now occurs in our economy. One of the real questions I think we have to deal with is how do we tell when both workers and jobs are in the marketplace, and to what extent they're in the marketplace?

One of the things I tell my students is that one of my goals in life is to keep my job the hell out of the marketplace for at least 25 more years and any job in our department of economics that gets into the marketplace. We control that pretty well, we expose it, we control it, we control the applicants

who get access to it, we control how we describe and expose the job and just listing of jobs in relationship to the whole problem of job control in our society. I submit that one of the problems we really have to wrestle with if we're going to improve the performance of labor markets is the need for better information.

I certainly concur and start with the judgment that the employment service has not done the job that it should have done in developing. The only way to take an instantaneous snaphot of the American labor market is through the well developed industry occupation matrices which must be developed and maintained current in our society. The matrices provide the clues and the direction for a lot of things that we ought to do, and today so few States, probably less than half a dozen really, have good matrices. That we're only pushing the program in 20 States still strikes me as a relatively modest approach to the information problem in the labor market.

I come down very strongly on the side of the compulsory listing of all job orders in the American economy. In 1965, in the national automation commission, we had something to say about that. We haven't made very much progress since then except for an Executive order. Some day we're going to decide that the social utility of job information is such that the requiring of compulsory job listing in our society would at least be a first step to getting jobs and people in the marketplace.

I would like to come down on a point very early that Dr. Holt talked about and that's the complexity of the labor market. We take an awful licking in labor market economics and in employment service management and operations because of the complexity of the phenomenon we're dealing with. Among the factors that make for complexity are the decisions that households have to make in our economy about work and leisure, education and training career choice, location of home and job, and all the important related decisions with respect to family size, health care, and housing. The factor of discrimination—a largely annullable kind of problem—adds to the difficulty of making these decisions.

We turn to employers, on the other hand, and say they're going to make decisions about the structuring of job opportunities, then they're going to recruit, hire, train, compensate, motivate, and develop a lot of work rules. We've only in recent years begun to try to understand how internal markets operate, how they face with external markets, and then we add to that the whole range of public policy, where it's really hard in my own view as a labor market analyst to try to figure out what is the impact of governmental policy in the labor market in labor-management relations, occupational health and safety, and minimum wages, hours, and conditions as well as a provider of services.

Let's start with the proposition that the labor market is the most complex market that we in economics know anything about. Now that lament has been expressed, I suppose, for 40 years; I hope it will be expressed for the next 40.

We need to develop better models and tremendous amounts of research to understand why and how people behave the way they do and why and how employers behave the way they do. One of the things that I offer for our consideration is that the job-matching systems, as we reviewed them in the four States where they now have pilot programs underway, have a lot of problems, but we've surfaced some exceedingly important issues about the labor market. Now all policy recommendations must be evaluated in terms of whether they're worth the time, and that's not just an economic question, that's the social and political question in our society, but I am not prepared today to suggest that we ought to immediately develop a national computer-based job-matching system until we solve some of the problems that Mr. Walsh alluded to.

Charlie Holt's paper got a marvelous suggestion, that we ought to get the industrial engineers and the industrial psychologists into the picture; I can't argue against that. The real question is what do I want them to do after I get them into the picture and how do we take account of behavioral responses. I really think that Bob Hall touched a real keen point; that is, I want to defend the better operation of the labor market on social welfare terms, not necessarily on economic efficiency terms.

If I had access to all the good jobs in the American academia, and if I could get access to them and all the information, it might increase my periods of unemployment. I think the notion that it would increase job stability and tenure and reduce turnover—most of us stay in a job we've got because we're not willing to bear the cost of a job change and if that job change cost could be substantially reduced, I suspect there might be more, not less, job changing on the basic assumption that somehow or another the economic benefit of that may be greater job satisfaction, a less parochial labor force, a better trained labor force, but

may not necessarily impact in the short run upon lower rates of unemployment or it should certainly shorten the periods of job search but may not contribute to the job tenure. The tenure kind of question, I think, is more the kind of jobs that you have in the economy than the function of how labor markets operate.

I think the issue we're talking about is what is the role of the employment service in improving the operation of the labor market. Labor markets, in my judgment, do not operate well now because of the complexity of the problem. How much of it can the employment service solve? Can the employment service deal with the institutional barriers of unionism and discrimination—the kinds of problems that are a function of job control on the part of employers and the part of people who control individuals who move into the labor market?

I graduated from a graduate school; I was a very carefully controlled product. My major professor was particular about where he allowed me to go and what jobs he allowed me to look at. I wasn't aware at the time, I thought he was doing me a great favor, but it was really the kind of control of workers in the marketplace as well as the kind of control of jobs. I've never really been in the marketplace, I think, and yet I've had a large number of jobs in my life.

Everyone has been a very carefully controlled placement and I think we need a lot of research in this country to try and find out what do we really mean when workers are in the market or when jobs are in the market. We certainly don't mean what most labor economic textbooks mean, and that is that those jobs and those workers are in a marketplace unfettered by a substantial amount of control and direction in any kind of a free labor exchange sense.

What proportion of the jobs fall in that category, what proportion of jobs fall in some kind of a category where workers are really actioned off in the labor market, I just do not know, but it's going to take a great deal of research to get at the question.

I want to summarize and say the employment service has a lot to be desired, but I don't think anybody's found a good substitute for it. I think we can spend our time on some specific kinds of recommendations; I would hope to improve the operation performance of the employment service by upgrading the staff, improving the training, and clarifying the directives given from Washington. I recently prepared to testify in the Colorado case and as an exercise went back and read all the directives from the Manpower Administration in the last 10 years and how anybody can distill any clear lines of policy from that is beyond me. Each one is added, nothing is ever dropped—and I don't want to be unkind to my Federal friends who have invited me here today—but there is a need for the thing that Mr. Levine in New York was telling me about because the Federal Government has never really decided what it wants the States to do, the States have never really decided what it is they want to do, and we've got a lot of conflicting things.

Now a couple of comments on job-matching systems. In the job-matching systems we've learned a lot, we've spent a tremendous amount of money, and we've obviously made some mistakes. We really don't know how to describe workers or jobs. Our problems are not technology, our problems are the labor market, and we don't know whether to use the *Dictionary of Occupational Titles* or the key descriptor words, or what combinations we use to describe jobs or how we describe workers and, more particularly, how we take into account their individual tastes as they might record them for future interests in the labor market.

On the other hand, I'm inclined to think that expanding and improving the matching systems will do more than anything I know to get people to focus on some of the critical issues in the labor market analyses and behavior that we just don't seem to get the proper focus on. If computer matching systems managed to do that, as I think they are now doing, we can consider that we are moving ahead. But I don't know how many experimental States we have to have in order to enhance the debate about how the systems work and to reach some conclusions.

I would think four States would do it but it's not happening so maybe we need to expand to 12 and see what happens after that. But to install a major nationwide system, given the state of the art today, impresses me as highly premature until we think through what it is we want such a system to do, until we learn how to describe both workers and jobs, or more adequately, to describe the tastes of both employers for workers and the taste of workers for jobs, quite independent of the kind of descriptor systems that we've used in the past.

Summary of Group Discussion: Lawrence B. Daniels

Following Dr. Robson's remarks, Mr. Walsh opened discussion to the floor. The dialogue was extremely informal ranging from experimental matching systems to the basic role of the employment service, returning several times to the issue of mandatory listings and Dr. Robson's concept of compulsory recording of transactions.

Experimental Matching Systems

There seemed to be agreement that no firm answers are yet available and that further experimentation is still necessary—not so much on the computer hardware aspects of matching as on matching vocabularies and ways in which the systems are used. A member of the USES staff explained the long-range phased experiments which are being conducted in seven States to test two descriptor vocabularies (JAV, or the Job Analysis Vocabulary, and DECAL, or the Detailed Experimental Computer-Assisted Language) in various matching modes. It was suggested from the floor that, in light of the complexity of the labor market, perhaps one nationwide system is not the answer, but differing systems for different parts of the labor market installed a piece at a time.

Mr. Walsh was asked to describe the Wisconsin matching system and was later asked if the vocabulary resulted in more meaningful job descriptions from employers. Some progress is being made, but he believes they are far from where they need to be on that issue—in the final analysis. Wisconsin is really developing a more efficient system for ordering and controlling files. A representative from Pennsylvania discussed some of the problems and successes they are having with the JAV system, commenting that training in the vocabulary is making the staff better interviewers by turning them almost into occupational analysts.

Dr. Robson turned the question around and asked what employers can do in terms of developing indicators for the manpower planning process. Can employers evaluate the quality of their existing labor force in terms of wages, productivity, cost, and outputs? He cited some of the things the telephone company has been doing with its executives to select likely candidates for positions, but agreed that it was still all highly subjective. "The criteria for the selectors always come out as being more significant than anything you do to describe the worker."

The question was raised whether we have enough experience really to measure the impact of computerized systems in such areas as permitting use of Job Bank outputs for self-service information centers. It was agreed we do not, and Dr. Robson cited the experience with the Utah matching system. User reaction to the new system was uncertain and had a great many internal and external impacts. He had thought it should be relatively easy to match people and jobs, but now recognizes that it is far more complex than most labor economists had thought.

Compulsory Listings

Dr. Robson was questioned about his desire for compulsory listing of transactions and explained the concept in greater detail. One of the things he wants to know in making a decision, wether on a job or a vacation site, is how many others are making that same decision. He can now find out how many shares of stock exchanged hands and on what terms each day, but not how many sheet-metal workers or secretaries were placed in jobs and what the terms and conditions were. A similar compulsory recording of those transactions would make substantial progress in getting a better based informational system in the market.

It was suggested that the employment service already has more information than it can handle, and that the real problem is determining how and where and with what intensity to move ahead. Dr. Robson challenged that assumption. He agreed the employment service ought to be tripled in size essentially to do the job it is now doing, but indicated there are still too many areas we do not understand and need more information about. For example, Job Banks-MODS (Manpower Operating Data System) and some of the matching systems now provide indexes of previously registered applicants. Still, the Utah experience was that over half of the previously registered applicants would deny that they had ever registered in a local office. "Think how many man-hours have been wasted in re-recording data that were already in the file. More important, what is there about the perception of that experience that causes people to say they have never been there before?"

The Role of the Employment Service

The comment was made that a large part of the problem is the employment service's confusion in terms of policies and objectives—whom to serve and how to serve them. Private agencies do not have that problem; they can concentrate on serving employers and getting them the workers they want. It was also pointed out that merely reporting data is a major problem and there was a lengthy discussion on dissatisfaction with the Employment Security Automated Reporting Service and the belief that much of the data collected serves no purpose except storage in case Congress might ask a question. The discussion kept returning to the central question of what role the employment service is to have in society. Dr. Robson agreed this is an important issue. In the past decade, a lot of experiments have been funded and many people have been given opportunities to do alternative things, but nobody has been able to develop an effective alternative to the employment service. "What the private agencies do is so different it is not to be considered in the same bag."

Compulsory Reporting and Mandatory Listings

After lunch, Dr. Robson focused on the connection between improving the operation of the labor market and the role and function of the employment service. He was troubled by reaction from the floor that we now have more labor market information than we can use, that the central issue is to decide what to do with the resources we have, and he again raised his challenge for better understanding of the labor market by gathering more information about transactions.

A number of issues connected with mandatory listings were explored: whether it merely creates more difficulties in sorting out real orders from those which are "listed" under duress; whether, although employers will continue to rely on other mechanisms for filling jobs, the "additional hits" we get under mandatory listings will not have a positive effect; the assistance of mandatory listings in our function of overcoming barriers of hiring; the problem of compliance enforcement, of employers who still are not listing, of time wasted in "paper shuffling," etc. No definitive conclusion was reached.

It was suggested that, while the employment service already has a great deal of data, too little analysis is being made of them. Perhaps the error is in trying to collect too much superficial data on everybody. A strong recommendation was made for collecting more intensive data on a sample basis.

The Emphasis on Placements

Mr. Walsh posed an apparent conflict between the discussion of the group and the realities presented during the luncheon presentation. The group had been discussing how well prepared the employment service is to do its job and the additional research and analysis required to better prepare it. On the other hand, the pressure for more placements creates a disinclination to worry about data collection and experimentation which is not immediately operationally helpful. This led to a discussion of staffing and budget problems: whether the emphasis on placements would not result in an increase in short-term placements; whether the "annual reorganization whipsaw" did not create a "fad of the month" attitude in the local offices—or worse yet, result in so many "fads" that local offices could pick and choose those they wished to follow; the difficulties of meeting increased placement goals with decreased staffs, etc.

Attention was called to a study in which a small research staff, without any increase in resources, attempted to increase placements in a local office by improving employer service. The National Employers' Committee recommendations and the six-city projects were also discussed. It was suggested that small-scale studies have a healthy interaction with a participating research group. "Everybody is involved in doing it together, which is really what you've got to do to make an organization work."

Recommendations

Mr. Walsh asked the group whether it wished to make any recommendations on the basis of its discussion. A number of informal suggestions were made from the floor in continuation of the meeting, but no formal consensus of group position was arrived at. The main recommendations were that:

1. Continued experimentation with computerized matching systems is necessary, especially in the areas of matching vocabularies and the interaction between computerized systems and local office operations;

2. Much of the emphasis on placements should go into the employer relations aspects;

3. New systems should not be foisted on local offices until they are thoroughly tested and really work;

4. Consideration be given to different systems for different areas of the labor market and for offices of different sizes;

5. We work toward integrated systems—a computer assisted employment service—not just toward computerizing isolated job placement functions; and

6. We investigate other possible uses of data collected in the system. "As we work with this animal, the computer, we find new possibilities for using it. We should not think entirely in terms of present costs. As you study a system, you begin to see new uses—practical ones—you can try out . . . and you can't foresee them all. So we shouldn't make snap judgments about all the possibilities of the systems that are being developed.

Summary

Dr. Robson summarized with his understanding of the problem: "It seems to me that we start out with the notion of improving the labor market and of trying to decide what the role of the employment service is in that labor market. The labor market is the most complex market we know anything about because of the nature of the decisions made by households and by employers in the context where public policy has a major role and is the most imperfect market we know about because of the agencies of control and the way in which people try to control both job openings and workers in the marketplace. I'm inclined to think that the single most important thing for improving the operation of American labor markets is still the informational problem.

"On the demand side of the market, we must know what jobs are there by industry and occupation. We must trace what has happened in the past, what's happening now, and make good forecasts. The next proposition is how to evaluate an applicant relative to the supply. We don't know what the outputs of our educational and training and employee-development systems are. We try to evaluate an applicant against the demand side of the market, but we don't really know what the supply is he's competing with out there in the market.

"I have yet to go into a local employment office and find out how many people with a given skill have been or are being developed in the town and what the prognosis is for the future. That's a job the employment service can't do by itself; it must be done with the education agencies and the employers. But until we have that kind of information base, it is very difficult to define what the role and function of the employment service is. We can't define it unless we can get some kind of a handle on what all other brokers are doing in the market—and I don't mean just private employment agencies; I mean employer's behavior and household behavior.

"I still go back to the basic proposition that most jobs and most workers never get into the marketplace in the sense our economics textbooks postulate. I've had the most controlled working life possible. I've never really wanted to be in the marketplace. I've always wanted to have my corner of some part of the action and to be able to control it. I think much of the debate about the role and function of the employment service and what a broker does in the marketplace still awaits a good deal of research and a good deal of clarification of public policy about how labor markets function and how we really want them to function.

"I think you have to go, not to standards of placements, but to basic standards of quality and fairness in the labor market. I've never been convinced that I wanted to compete on fair grounds with anybody. I've always like the favored treatment I've gotten, and all of by behavior in the market is to corner that kind of favoritism for my students and colleagues. This kind of control process has never been adequately studied or understood. The thing that Assistant Secretary Kolberg said that really impressed me was that it's a wonder that the employment service has survived. I think the most important thing is service to people—to individuals who need help. But I don't think it makes a bit of difference to the functioning and performance of the American economy whether the placements are 3.2 million or 6 million. That fact, by itself, doesn't really tell me anything about the efficiency with which the labor markets function. I have a lot of admiration for the employment service. There's no substitute for it in our society, and it's got to be supported and sustained and expanded. However, whether it is making a major contribution to the unemployment-inflation trade-off still remains to be proved."

Discussion Group III

Improving the Quality and the Dissemination of Labor Market and Occupational Information for Workers, Employers, ES Operations and Manpower Planning.

Chairman:
Mary C. Hackett
Director
Rhode Island Department of Employment Security

Presentation:
Dr. Daniel H. Kruger
Michigan State University

Summary of Group Discussion:
Harold Kuptzin
Acting Director, Office of Technical Support, USES

Chairman: Mary C. Hackett

We will have a very informal type program. The topic is "Improving the quality and dissemination of the labor market and occupational information for workers and employers, employment service operations, and manpower planning." The topic itself certainly is broad enough to lead us in any direction that we should like to pursue. The discussion leader is Dr. Daniel Kruger, professor of industrial relations at Michigan State University. He is a special advisor on manpower to Governor Milliken, a member of the Michigan Agricultural Labor Commission, a member of the Board of Trustees of the National Urban League, and he has been director, Training Center for Employment Security Personnel, at Michigan State University. From 1967 to 1972, over 3,500 employment security staff members have attended the center at Michigan State University. Dr. Kruger holds a Ph. D. from the University of Wisconsin and received his B.A. from the University of Richmond. He has certainly evidenced a very deep, abiding, and longstanding interest in the employment security system and particularly in the training of the employment service and research staffs of the Federal-State employment security system. It is with a very great deal of pleasure and pride that I ask Dan Kruger to give the presentation after which we will open up for discussion.

Dan, if you please.

Presentation: Dr. Daniel H. Kruger

I want to start our discussion by putting it into some kind of perspective. We are here to observe the 40th anniversary of the Wagner-Peyser Act establishing the Federal-State system of public employment services. There are about 86 to 87 million people in the labor force, 90 percent of whom are employees. We have become a Nation of employees, which underscores the importance for a public employment service to perform certain functions, one of which the labor market information. In the early days we were a Nation of farmers and worked the land. If we had remained a Nation of farmers I doubt seriously if there would have ever been a need for the Wagner-Peyser Act. A little later on in our Nation's history we were small shopkeepers and artisans. If we had remained a Nation of small shopkeepers and artisans, I wonder whether there would have been a need for the public employment service. As the country became more urbanized and more industrialized, self-employment declined, and working as an employee in business and in industry and in government significantly increased. Being a Nation of employees has underscored the importance of preparing for a job, finding a job, keeping the job, and transferring to a better job. These are indeed very crucial matters for an ever growing number of Americans.

The employment service, as you well know, provides a number of functions and we will focus on one of those functions, namely, improving the quality in dissemination of the labor market and occupational information. The question may well be raised: Why labor market and occupational information? The answer is related to the evolution of the job economy. Secondly, the employment service is an instrument for social intervention. It seeks to make a difference for the applicants who come into the local offices, the employers who provide referrals, and the large number of users of labor market and occupational information take on an added dimension because there will never be enough resources to operate an effective employment service and to provide manpower services to all in need. Therefore, by supplying relevant information on the labor market and on jobs, hopefully the worker, the student in school, and the student at the university will be able to make intelligent decisions affecting his vocational choices. This is why labor market information and occupational information are so important, namely, to help the citizen make the right choices as they relate to his or her vocational choices.

There is a need to define the term—labor market. The labor market is the mechanism for allocating human resources within a prescribed geographical area. There is need for information on how that labor market operates. One type of information relates to the supply of workers who are selling their labor services; a second type of information on the demand for labor services. Still another type of labor market information is the interaction between supply and demand

factors. This is reflected in the levels of employment and unemployment as well as information on wages. There is need to examine the total array of forces affecting the operation of the labor market such as technology, economic forces, social forces, and legislation. In addition, there is need for information on the transactions which occur in the labor market, i.e., the kinds of labor services purchased, and the rates at which these services are purchased.

I was interested in the comments in the general session this morning about the good jobs and the bad jobs as if the employment service creates jobs. The employment service works with the kinds of jobs that are out in the labor market. It does not create jobs, it obtains job orders from employers. Perhaps some of these jobs can be classified as being both good and bad. I have trouble understanding what is a good job and what is a bad job. There are certain jobs that pay less than others; there are certain jobs that do not provide many fringe benefits. The kinds of jobs available reflect the dynamics of the labor market. For example, employment in service type jobs is increasing while employment in manufacturing jobs is at least maintained in itself or in some instances declining. In Michigan in 1972, 60 percent of the labor force was engaged in service type employment and 40 percent in goods producing industries. The bulk of the manufacturing employment is in automobiles. The point is that the automobile industry, at least in Michigan, is not hiring many people, but employment in motels and hotels and restaurants and other service type jobs is increasing. Jobs in service type industries in most instances do not pay the same rate of pay as the auto industry. Sweeping the floor in the auto industry pays $4.50; sweeping the floor in the hospital pays $2.35. It is important to explain realities of these types of jobs to those in search of employment.

Both buyers and sellers of labor service need information. The employers need certain types of information such as wage data, supply of labor by types, or quality of labor, turnover, job market behavior of specific groups, while the sellers of labor services likewise need certain types od information: Where the jobs are, the types of jobs available, wages and fringe benefits, and other pertinent matter on which they can base an intelligent decision in selling their labor services.

In addition to the buyers and sellers of labor services, the school system requires information to develop courses in vocational education. The employment service has a legislative responsibility under both the Vocational Education Acts of 1963 and of 1968 to supply labor and job market information. The counselors in high schools and at university and post-secondary educational institutions also need information about jobs and how the labor market operates. As an example of the need for labor market information, universities could use such information in their freshman orientation programs. Large numbers of college graduates are having trouble finding employment once they received their degrees. Many are underemployed in that they obtain jobs not consistent with their college education. There is another important usage of labor market information. As a result of the Cooperative Area Manpower Planning System (CAMPS), involving large cities and all the States, there is need for both labor market and occupational information. Allocations are being made by the U.S. Department of Labor on the basis of manpower planning. This underscores the importance of having an adequate data base. There is need to identify the kinds of data needed to make the labor market function more effectively. The mission of the employment service, in my view, is to facilitate the employment process to the end objective that the human resources of the Nation are used effectively and efficiently. If that is the mission then we have to identify the kinds of data needed, devise methods of collecting and analyzing these data, and develop appropriate ways of disseminating them. Since there are many users of information, the dissemination must be tailored to the users' needs. Progress is being made in the marketing of labor market and occupational information. Some information is now available in Spanish.

Another dimension of labor market information is the evaluation. We cannot be satisfied with what we have been doing. We always must subject ourselves to three critical questions: (1) How good is the labor market information, (2) what are the types of labor market information, (3) how timely is the information, timely in terms of the dramatic changes that are occuring in the labor market. The labor market operates in a system of change unparalleled in our Nation's history and therefore we need information. The buyers and sellers and potential sellers of labor services need information on which to base intelligent decisions.

Summary of Group Discussion: Harold Kuptzin

(Summary of Group Discussion is dealt with under several topics developed from remarks, questions, and answers of those in attendance.)

LMI and Manpower Revenue Sharing

My question relates to labor market information for manpower planning purposes. As we move into "manpower revenue sharing," do you see any new uses or new approaches in labor market information under manpower revenue sharing?

Well, yes, we are going to have to sharpen our techniques to collect labor market data at the local, or what I call the natural, labor market. We have good data nationally; we have fairly good data statewide. The smaller the geographical unit, the poorer the data, and interestingly enough, as the area size declines, our assumptions become larger.

I happen to be the chairman of the manpower committee under the mayor of Lansing, Mich. We are constantly searching out data on which to base our manpower planning. I don't buy for one moment that manpower planning is directed solely for the disadvantaged. We take a total look at manpower in our community; we look at what the schools are doing, what Michigan State is doing; we look at the community colleges. I think we do a disservice in just focusing on the disadvantaged, important as that may be.

The other point that I must stress in connection with manpower planning, the data are what's important. I don't pay much attention to the plan. I use those data as the basis for educating the community in what manpower is all about. We're involved in a gigantic adult education process—to educate the community, the employers, the unions, the school system into the multidimensions of manpower problems so that decisions can be made on a curriculum, etc., which will result in a more effective utilization of the manpower, at least in my area.

You're expressing it now from the local level. Now, how do you view the roles of manpower planning from a national point of view?

The fact of the matter is we have no national manpower planning. Under revenue sharing we're asking the local areas and, I guess, the States to look at the data and come up with plans. I haven't seen a national plan.

* * *

Under the manpower revenue sharing system we're still going to continue to do areawise planning, but the money is to be given out to individual localities, cities 100,000 or more. How do we merge these two, how do you force two individual cities or a city and a suburban ring, where they feel they have very little in common, to get together on some common plan where we resolve problems?

Well, the prospects of a 15-percent bonus, we were told, may help.

* * *

Couldn't they qualify for that easily by signing a piece of paper with no subsequent cooperation?

Well, many counties constitute what I call a natural labor market and a Standard Metropolitan Statistical Area (SMSA). But I know what you're talking about; those elected officials are going to be out there to get their money for their own jurisdictions. How you get them together, I don't know.

I'm hoping that we continue on this path of statewide manpower planning beginning in local areas. We have a course at Michigan State on the uses of data—I don't teach it, but some of my colleagues who are very proficient in labor market behavior do—and it's rather interesting that not only does this course serve our students, and we're strictly a graduate school, but an increasing number of students from the colleges of education and business come over to take that course on the uses of data and that's a step in the right direction.

* * *

One measure or index of the practical use of the employment service in revenue sharing depends on whether mayors or cities pick up the employment service as the deliverer of manpower services. If they don't, won't one be able to identify why not as to the reason?

Short-Term Local Outlook Information for Program Planning

I'm with the Job Corps, and I'm interested in timeliness insofar as planning is concerned. Unlike your earlier statement, we are working with the disadvantaged

Yes, I don't mean to say the disadvantaged are not important, don't misunderstand me.

Oh, no, I understand that; what I'm saying, the area that we encompass is strictly disadvantaged. Would you elaborate a little bit on accuracy of forecasting. I'm interested from a training standpoint in what kind of cycles we can run so we don't start out training kids for the wrong jobs. This is quite important in one of the places where we need to do some better planning and we need the data to do it with.

* * *

You mean in terms of the kinds of job opportunities out there?

Yes, You don't want to train them for automotive mechanics, then with changes in the business cycle, they come out and there is no market for them.

I was at a very large manufacturing operation as recently as last Friday in Ohio. They happen to make cars there, and I asked the general manager, "What kind of manpower planning goes on in a complicated operation such as you have?" and he said, "I regret to tell you, Dan, we do no manpower planning." He said they have 20,000 applications on file for the various assembly jobs, and with respect to skilled trades, he said. "We're constantly training, but we don't know how many we'll need by 1980. We do know that this plant is going to increase its capacity, and so gradually we are adding more and more into the apprenticeship program." Here's a major modern automobile plant in the United States, and headed by a very competent manager in my judgment, and he says that he knows absolutely nothing about manpower needs, nothing on planning manpower projections.

I think the example you gave is not atypical. I think this reflects the organizational structure of the auto industry. Many plant managers are not contributing to the decisions which are made on top.

Part of the problem also is in terms of making projections at the local level. This is a very much more difficult task than making them at the national level. In a national economy everyone who is going to be in the labor force in 1980 has already been born. We can make certain assumptions about what the national labor force participation rate is likely to be. We can assume 3 percent unemployment or 4 percent, whatever we think is the minimum fractional level. We then can get a pretty good estimate of how many jobs we need to have for the country as a whole. This is not going to be changed very much by people migrating in or out of the country.

If you're trying to project on that basis for California or West Virginia—well, think back on 1960, trying to project to the 1970's—for these States, we really can't follow this same approach. You have to have some notion of what the economy of the State or the individual locality is likely to be. This is a very much more difficult problem.

* * *

I'm a bit concerned about our not responding to the Job Corps question. Just as you proceed in the national level and through the local level and find increasing difficulty in getting data, the obverse, it seems to me, holds as you proceed from long-term to short-term projections.

* * *

We have not yet really developed a systemized approach to the short-range occupational projections. In the work we're doing on fiscal year 1975 planning cycle for manpower revenue sharing, we hope to come up with some better approaches than we've had in the past on short-range manpower projections. This will be done not only as occupational outlook information, but will take account of information from the Job Bank, Employment Security Automated Reporting System (ESARS) and from a variety of other sources. We are in the process now of trying to systemize the approach and to develop some specific instructions on how to come up with specific information on occupations. Our present hope is to get some instructions to the States by the end of this calendar year, so it could be used in fiscal year 1975.

* * *

We keep talking about projection of labor demand, and sometimes people talk about training as though all the jobs needed are there; it's just a matter of identifying them. It seems to me that one thing that the employment service should do, and I don't know whether it can be done is: What can be done about making those institutions that worry about training schools, the employment service, and the Job Corps have a better relationship with the business side of the equation so that projections can be more solidly developed? This is what area skills surveys tried to do. Even though we know there are biases in a forecast, it seems to me these could be identified if these surveys were done on a regularly recurrent basis. They never conducted area skills surveys in a way to know what the biases were, such as is done by the Commerce Department when they do the capital expenditure survey.

* * *

We could do the same thing. We got started with the area skills surveys in about 1962 or 1963, and they were frequently damned because they weren't fully accurate. These are first approximations. I wouldn't like to stake my life on any statistics, but at least they give us some general directions, and I was hoping that we could continue that. I don't know why we got off that track. That gave us a rough idea of what was happening in the labor market on a local basis.

Increased Demands for LMI

I'm pleased to see we have a number of State employment security administrators here. When I first met you, you were in the research field and that's been X number of years ago. I'd be interested, from your present viewpoint of the State administrative level, in the kinds of demands being made on the research functions, say compare 1972 with 10 years ago?

This is a very, very serious problem in the States. The demand on the research staffs, and particularly now in the diffusion of demand for data on the local levels, has been fantastic. I can remember when it was almost a capital sin if you would dare to estimate an unemployment rate for less than a standard metropolitan statistical area. Now, with the program planners in the CAMPS staffs and in the auxiliary groups to CAMPS, we're not being asked to give an unemployment rate for just a small locality; it's gotten so that they want it in, you know, a block bounded on the north by this street and on the south by thus and so.

I think another thing, we have many new programs tied to information that result in directives going out from the Federal agencies, not so much the Labor Department or the Manpower Administration, but others, that say, in effect, all you need to do is be in contact with the State employment service and they can provide you with an answer to whatever data need you have. They come to us; we don't have the answer to that particular need, and we then get into a problem of relationships, the prestige, and the whole responsibility of the employment service. It suffers because of the excessive demands via the local route.

* * *

Another point I wanted to make relates to geographical area data. In terms of information on labor markets, we're down to census tracts or even city blocks. This was forced upon us by an act of Congress. I think we came up with a reasonable and responsible system for doing this, one which can be improved or should be improved. But whether we like it or not, we're in this business of small area data.

Another aspect of this problem comes from the Office of Federal Contract Compliance Order No. 4. Employers were told to go to the employment service and obtain all the data they need on labor supply, minorities, and women. We're working up some data from the 1970 census which may serve as better guidelines. We hope to get these out in the fall. So, we are in the business of providing, and will continue to be in the business of providing, data to employers, data on smaller areas, and data on and to applicants.

* * *

We're under severe pressure to produce the data. We talked earlier about the unemployment rates for small geopraphical areas. There's a lot of money riding on that in terms of the Emergency Employment Act. There's tremendous pressure to produce these kinds of data from various sources and to produce it right now. There's not a day that goes by that somebody doesn't call my office from somewhere and ask, "Have you got data on this or that and the other information as it relates to occupational projections?"

Requests come from a wide array of potential users out there. Many are coming from women's groups. They've rediscovered the world of work and goodness knows how many other groups in our State are concerned about finding employment opportunities for women, career opportunities for women returning to school, parttime employment opportunities in civil service.

Analysis and Interpretation of Data

We have so many different types of users of data that we haven't really paid enough attention to finding the utility of the data. How can we disseminate it in a fashion to meet the challenge that was presented to us this morning? Now, you talk about short-range judgments, long-range judgments, a narrow base of data, a broad base of data, but we don't ever really spend any time on the question of what kinds of needs we anticipate these data being used for.

As I indicated, there are many users and we have to differentiate our marketing strategy, if I may use that word, to meet the needs of the vari-

ous users. One type of information is involved in the discharge of the counseling function. The worker in search of a job needs another type. I think that we are making some headway by differentiating our product to meet the needs of the user.

Well a lot of State employment security agency members here got started in the depression in the 1930's. Perhaps the delegate from State X will tell us something that he's doing with his labor market information system.

We try to do a whole lot but it's really difficult to get anything that you can really pin down. I guess we put out reams of statistics and data, but don't analyze and know what we've got. We do work very closely with vocational education.

* * *

Do you have an expanded vocational education program in your State?

We are working very closely with them and they are having a hard time coming up and really analyzing the data. We find that the labor market changes almost overnight. You can look in one area and say there are no openings for certain occupations in that area and then 3 months later there will be numerous jobs for the same occupation. It changes so rapidly.

* * *

What would you feel is your greatest need or gap? What would be your thoughts about what you would like to have that you don't have?

We are missing information on the characteristics for all people who are looking for any type of work. Of our population, we have characteristics information for about 10 percent each fiscal year, i.e., age, education, sex, race. We're getting between 25 to 35 percent of all the job openings but there is a great gap between this and the universe of need.

I'm talking about analyses. We're probably going to be loaded with tables but nobody's analyzed them, nobody's looking at what do these data mean. We've got the data, we haven't analyzed what they mean. I don't think we're looking at them enough. We're just not doing enough of this either on a statewide basis or nationally.

* * *

There is something that's always bothered me. The Departments of Labor, Commerce, or whatever it may be, releases information and that is just to enable you to use or interpret in terms of that situation. It's not absolute. A lot of the data are used in an absolute fashion. That's where the misuse comes in; that's where the misguidance comes in; that's where the dissatisfactions are.

Labor Market Information for Applicants and Career Guidance

We've been talking on this panel as if labor market information consists only of data. Labor market information is not only data, it deals with more than statistics. Basically, I think we can subdivide the labor market information into two kinds—statistical information for economic analysis and possibly for planning purposes and some type of program operation. A second type of information, that may not be statistical at all, is needed for another part of program operations. It is needed particularly for working with job applicants seeking employment.

They want to know what you can tell them about how to get a job today. The applicant may be 40 to 50 years old and not want to know much about the world of work. Can we give him some clues as to how he can go out and find a job? Does he need to join a union? What can we tell him about this? Or, if the applicant is a housewife, what can you tell her about day-care facilities and what they cost? This is all labor market information, but it is not data as such. We ought to talk a little about this part of the program in terms of nonstatistical labor market information. When you're trying to provide self-service assistance in employment service offices, that's the kind of information we need in each office.

* * *

There was a question on why Michigan State University felt compelled to give occupational information or information concerning the world of work to its freshmen.

A goodly number of parents, particularly the parents of college graduates in the social sciences, education, and liberal arts, feel that they have been misled, that they sent their kids to college and we gave them a piece of paper—a diploma—and the students are still having difficulty competing in the world of work. This has really built up to a crescendo. So as part of our plan for the orientation program for the incoming freshmen, we devote at least 2 days of the week-long orientation on what's happening in the labor market.

We are planning sessions for the parents; in fact I'm going to be speaking to them myself on the trends in the world of work so that they can have some better understanding and appreciation of the dynamics of the labor market.

* * *

Isn't it a little sad that at the college level we still have to tell people about the world of work?

Granted, but I tell you there's been a drastic turnaround of parental support for institutions of higher learning in this country. They say, "we don't mind working hard to send our youngster to college, but we want the kid to get a job." Now that raises interesting questions about the role of the university and the world of work

In the *Dictionary of Occupational Titles* and the unemployment service's occupational analysis program, we've focused on identifying those occupational traits associated with satisfactory and successful job performance. The world of work is a very complicated world. Most people are familiar with it to the extent of their own knowledge, jobs held by their brothers, sisters, fathers, mothers, realtives, and friends. We've estimated there are 35,000 legitimate ways to make a living in this country. When you consider there are 35,000 potential ways, there should be opportunity for everyone. Yet, how reasonable is it to expect a teacher, guidance counselor, or anybody else to be knowledgeable enough to cover all of them.

In a special project in Oregon related to disseminating labor market information and information on the world of work, we started with the assumption that students, and particularly high school students, have only minimal, very minimal, information about the world of work. We've constructed for each of the major occupations in the State a sort of fund of information on job opportunities, wages, and other factors. This gives students a good first view on a computerized basis, of various occupational areas they might want to explore further based on what they've already told us about themselves, their preference.

Another aspect of this program involves the use of cassette tapes. We interview people in various occupations, ask them to tell us in about 15 to 20 minutes about the nature of the occupation, what a typical day is like, what are the advantages and disadvantages of working in this occupation, and so on. This helps you to get some sort of feeling for the occupation.

About 30,000 persons have used this system in fiscal year 1973. They are projecting about 100,000 people to use the system in fiscal 1974. Another thing that should be mentioned is that we have set up a sort of consortium to operate the project, consisting of both education groups and the employment service, and this should help to facilitate an exchange of information between the employment service and vocational education.

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As was pointed out earlier, we have something like 35,000 different occupations in the U.S. economy. This is a bewildering array of occupations. If a kid goes into this kind of supermarket to shop for occupational information, and everything is filed every which way, he has to have some guidance on how to organize his thinking about particular occupational choices. In this particular project we are trying to help him narrow his choice so that he can identify certain skills and relate them to his aptitudes or interests.

* * *

You might be interested in something we tried on a voluntary basis. Several years ago, we were concerned about what the youngsters felt, what their interests in occupations were, and the type of training needed to meet these requirements. We sent out a survey to several junior highs and at two high schools. We asked the students to indicate those occupations that they thought they were interested in. We did not give them a list, we just wanted them to, from their own limited knowledge, identify what were their interests. We asked them in the light of what they chose, what did they think they had to do to prepare themselves to be able to find employment in that job. You'd be surprised at the complete lack of knowledge that these kids had regarding what they would have to do in getting a job.

We also get a lot of differences between males and females and it was very interesting. Women's aspirations were up much higher in the light of what the occupational distribution is at present.

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In one country, in order to be a vocational guidance counselor you have to teach at the elementary school level a minimum of 3 years. I questioned them about this requirement. Why do you have to teach at the elementary school for 3 years in order to be a vocational guidance counselor? So you can understand the students. Any occupational guidance counselor or a college guidance counselor couldn't care less about teaching the kids in elementary school. But this was a State requirement and that was it.

* * *

That is not atypical. I think the emphasis on counseling is important. It involves relating to people. But once you relate to them what are you going to tell them? I think this is what we haven't

paid enough attention to. What is it you want to tell them after you establish a particular relationship? I think we haven't emphasized that enough.

Measuring Employment Service Performance

We really haven't discussed the point Mr. Kolberg made in his talk with respect to allocation of resources to State employment security agencies. We should at least touch on the contribution of labor market information. In thinking about what labor market information can contribute to this area, I believe, we've been placing too much importance on national level data and on placements as the only indicator of performance. We think of the employment service as an agency whose mission is to help people get jobs, whether through placements or other factors. We need to think about how we can better measure the services the employment service provides on a nonplacement basis for helping people get jobs or helping them make appropriate vocational choices.

* * *

That comes back to the point Mr. Kolberg was making. He said the prime mission of the employment service is to make placements. The question that really comes up is what are the activities that the employment service may be doing that are not really a mission of the employment service in this sense?

I would interpret that another way. In making a placement, if you do some good counseling and if you use good labor market or job market information, this in itself may raise the placement rate.

* * *

I was out in Tacoma, Wash., at one of the Comprehensive model (COMO) cities a few weeks ago. They were running an experiment with practice job interviews and also had specific guidance sessions where people criticized what they did during the interviews on closed-circuit television. They discussed what they had done wrong or done right, and also gave tips about what specific employers may or may not like. They set up an experiment with two dozen people separated into two different groups, one to get this kind of labor market orientation, and the other not. Of the group that got the specific help most got jobs. Of the group that didn't get the help very few got jobs. Most of those who got jobs could not be officially counted as employment service placements. Shouldn't we be able to make a report as an employment service placement for them? We certainly contributed to their success in getting employment. If we can't find a way of measuring the value of these services to applicants, then we're going to lose our ability to provide this kind of service because all staff will have to make placements and nothing else.

That's the way the States are going to take this, I'll tell you. They will say we're going to get our money based on that placement count and you can bet your life that that's where the emphasis is going to go.

I agree that the kind of assistance that we give to people that actually assists to put them into employment, but that doesn't result in a placement insofar as the employment service is concerned, is certainly very valuable but we can't get a count on it, we can't hold it, so how are we going to prove our worth in that area?

What Mr. Kolberg was saying was all these other things are nice but the name of the game is placements. People get so involved in the tail wagging the dog we've got to take a second to look at this and see if we're not expending the efforts in the directions that are not really requiring our attention.

If we give people on the outside another index, an additional index, by which they may judge the employment service, then placement is the only thing they have. Either we count placements or we have no other measure. I think we have an additional measure above and beyond employment service placements.

* * *

You can't judge placements without looking at the labor market. Mr. Kolberg was talking about one local office having maybe 30 placements per man-year and another that had 500. Now the point is if you went to look at the local labor market area you might find one had little or no industry and its office is there for various historical or other reasons. You might find out that there really shouldn't be a local office there or maybe there should be a one-man local office, and staff and efforts should be moving in other parts of the State. These two have to go together, I think. A beginning of a standard for placements is the labor market.

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Do we still use the term "the penetration rate"? We still use that term around here. I have never really used that as a very valuable analytical tool for the employment service unless, as this gentleman up here pointed out, we have some knowledge of the local labor market.

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When we now discuss the penetration rate we're talking about the whole labor market. However, most people who get jobs are already employed. They don't need the information or other help of the employment service. They move from one job to another without ever being unemployed. The clientele of the employment service is mostly unemployed people. We need to measure what we're doing for unemployed people, not in terms of penetration of the entire labor market.

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Applicable to that point, my students have something they call Kruger's law. The best time to find a job is when you have a job.

* * *

One measure of the effectiveness of the employment service and placements is "what does the public think of it?" Somebody comes in, the employment service places him or not, and that's it; that's their only function. I'm afraid that's being used as a measure.

* * *

Of course it is, not only as a measure, but as ammunition against us. You look all over the country and in every major labor market all you have to do is just get a telephone book of 1960 and get a telephone book of 1972, for Detroit or for Lansing, i.e., where I work, and compare the number of private fee-charging agencies which are just mushrooming and nobody really pays any attention to that. I hope that one of these days we can have some kind of regulation of the private fee-charging agencies for a variety of reasons. I'm not so sure they do as well as they proclaim, either.

* * *

Shouldn't we be developing some figures for employment service standards? If we're going to be funding to operate on the basis of placement, I think we should compute things we're doing to an individual to produce this placement.

Someone asks you the question, what is a quality placement? They're going to have to take a look at this. There are a variety of things that make good quality placement, i.e., percent of minorities placed. Another one might be, if we had some kind of way to find out, if you place a person at the entry level and he ended up as manager of the firm, that would be quite a quality placement.

* * *

When we get into this area involving placements it is difficult to judge a quality placement. Is it a professional placement? That is what they said some years ago. We got more points for the professional placement than for the low-skill placements. And then it only takes one time through, until the local office staff get the statistics to try to emphasize what we do in that area. We don't have any trouble with numbers.

A placement may be good if a person gets a job in a certain company, even at an entry level. This might still be considered a very high-grade placement because he's got a career for life in most cases. I think that when the local offices make their analyses of good and bad jobs, a distinction should be made between an entry level at a minimum wage and a nowhere job at a minimum wage.

And by the type of employer. You're right, the telephone company represents one kind of employer; the carwash agency another.

What one does for an applicant determines the character of the placement, which is very important in this situation. If the job is with a good employer, even though the first job is a minimum wage job, it may be a quality placement. So the wage of the placement cannot always be a criterion in all cases in judging a job.

LMI Resource Needs

My role here today is as State information director. I'm tending to look at the first word here, "improved quality, ect." Now, over the years the employment service has attempted to improve this quality. The Federal Government, however, has not supplied the resources for different uses of the data. How do you satisfy all purposes?

In terms of our budget for the operation of the employment service, what percentage of our budget is spent on labor market and occupational information?

I think our goal is to get up to 4 percent. I don't think we've reached that level.

* * *

I knew it was about 3 to 4 percent. The reason I wanted that figure is that when you talk about improvement of quality we've got a long way to go in terms of allocation of our resources for that particular function.

Better financing can help us get some more manpower out there. It can enable us to experi-

ment with different approaches in the collection of the data. The question was raised of the timeliness of the data; it takes manpower and resources to do all that.

* * *

I have something to say in terms of cost benefit. The cost of inefficient vocational education, cost of curricula, and cost of having people who have not reached the potential that they might reach is extremely high, compared to some of the costs of manpower programs. However, they may be difficult to measure. We're going to have to start tabbing up the social cost involved related to improper data.

Recommendations

I'd like to offer these recommendations as a summary of our discussion. *One*, labor market information must include both statistical and nonstatistical information for use in helping different groups. Such information is for use by (1) job applicants, (2) employment service and manpower planners, (3) employers in terms of recruitment and plant location, and (4) other Federal and community agencies. *Two*, labor market information is of two major types, one statistical-demographic information used partially for in-house purposes but mainly for outside research, planning, and analysis, and second, operating information which may be used in connection with self-service employment service operations—assisting job applicants or staff who work directly with them. *Three*, a need for short-range occupational projections, particularly connected with programs such as Job Corps. One aspect that could contribute to improved short-range occupational projections is more intensive use of employer surveys on a continuing, recurrent basis as pointed out earlier. *Four*, a need for more detailed, better information on the world of work and this goes all the way through the school level, through college and even through adult work. *Five*, a need for a better analysis of the characteristics of people who are unemployed, people who come to the employment service for help. *Six*, we need more integration of data from various sources such as the Bureau of Labor Statistics, the employment service, the Bureau of the Census, and schools. Many groups producing data just are not doing enough to try to bring it together. *Seven*, we're dealing with not only a printed word but audiovisual methods of presenting labor market information, particularly for use by youngsters because they don't like to read that much. They may pay attention to cassette tapes or films or slides or other things. And finally, number *eight*, is the need for better information on measuring the performance of the employment service, either placement performance or other types of performance, but we have really just barely scratched the surface in that area.

Discussion Group IV

Consideration of the Special Needs of Members of Minority Groups, Veterans, Youth, and Older Workers. Employability Development Services to Workers Who Are Not Job Ready

Chairman:

George Govlick

Manpower Service Administrator
Nevada Employment Security Department

Presentation:

Dr. F. Ray Marshall

University of Texas

Summary of Group Discussion:

Earl Klein

Director, Office of Employment Service Administration, USES

Chairman: George Govlick

There have been continual questions as to the need, the propriety, the degree, and the kind of services that we should give to those applicants that we generally refer to as special service applicants. These questions are dilemmas that present themselves to us when we consider cost effectiveness, production, and manpower revenue sharing. What impacts will these things have on the ability of the employment service family and system to continue to be able to provide special applicant services? For example, had you chosen to go to another panel this morning, one which will discuss the employer's report for restructuring of the employment service delivery systems, the Vickery report, you would have learned there that there is a proposition which says special applicant services should be removed from the normal mainstream of job placement services. Questions again would come up, can we afford this kind of luxury because of cost factors involved? How do we generally handle the problem of providing special applicant services? Do we really have that kind of responsibility? If we do, how do we meet that challenge? What is our true role in continuing to give special applicant services? To give us the stimulation that will put us in a position to develop some solid recommendations, we have as our key presentor this morning Dr. F. Ray Marshall.

Very briefly, let me tell you about him. Dr. Marshall is a professor of economics at the University of Texas, Austin, Tex. He earned his B.A. degree at Millsaps College, his M.A. at Louisiana State University, his Ph. D. at the University of California. He has taught at the University of Kentucky and at the University of Mississippi. He was a Fullbright Research Scholar in Finland. His distinguished publications include: *The Negro and Organized Labor; Labor Economics, Wages, Employment and Trade Unionism; The Negro Worker; Labor in the South; The Negro and Apprenticeship.* I give you Dr. F. Ray Marshall.

Presentation: Dr. F. Ray Marshall

You can see from the program that I was given quite an assignment—to talk about the special needs of members of minority groups, veterans, youth, and older workers, employability development services to workers who are not job ready including counseling, manpower training, work-experience programs, and supportive services. As I understand my role here it is to first throw out some ideas about the special problems of what we can looosely call disadvantaged groups, or people who are not ordinarily included in the work force, and then to discuss the role of the employment service in meeting the needs of these special groups. It is unnecessary to point out that I really do not know the answers to those questions, but I am supposed to raise some issues and then have discussion from the audience.

First, a very general comment about the needs of all these groups. Whatever we do, it is very important to try to understand as much as we can about their special needs. This point seems too obvious to require emphasis, but the point is too often ignored and I believe it is an important cause of failure in programs dealing with disadvantaged groups.

A second need of these special groups we are talking about is they need some way to influence or control services rendered to them. Too often the services are thought up by somebody else, imposed on people without any participation by them at all. I am well enough aware of the problems we had with the Office of Economic Opportunity (OEO) and the community action agencies and the concept of maximum feasible participation of the poor and other people in programs to know that this is an extremely difficult thing to accomplish, but I am equally convinced that we are likely not to have effective public policies unless client groups have some way to influence the services supposedly designed to help them. I do not know how to accomplish that, but it seems to me to be an important thing to try.

A third general comment is that these special groups on our list need some kind of preemployment counseling and preemployment training. It is very important to specify the nature of that training, because too often preemployment training is confused with skill training and therefore gives the concept of skill training less support than it might otherwise have had. Much of what we called manpower training during the 1960's was really preemployment training. It got people job ready rather than teaching them skills, and, therefore, made it possible for people to say, "I

have been trained three or four times and I am still unemployed." They obviously really had not been job trained but had experienced preemployment training. Nevertheless, preemployment training is important and ought to be an integral part of our overall manpower policy, but we ought not to confuse it with job training. Most of these special groups also need some effective way to eliminate labor market discrimination against them for factors unrelated to productivity.

A fourth and very important need of most of these special groups is jobs. If you cannot get the jobs in the private sector, we ought to have public employment programs designed to deal with the needs of particular groups, especially young people and the aged. Operation Mainstream-type programs seem to me to be a good example of an effective way to design public jobs to fit the needs of people in rural areas, but there is no reason employment programs should be restricted to rural areas.

All these people in our special groups also need education and training, but in different mixes; some will not need or benefit from education or training.

The evidence we have supports the view that the most effective training programs contain both on-the-job training and related instruction along the lines of apprenticeship training.

You can train workers more flexibly if you teach them something about the theory of the job as well as how to do the manual skill components of the job. Finally, some of the people in these special groups are not going to benefit from any of these programs, and therefore we need adequate income maintenance, health, and welfare programs for them.

Now, having said all that, the real question is how should the employment service respond to the special problems of minorities, the disadvantaged, and the people in the other categories we are concerned with? In responding to this question it is important to think through the kinds of things the employment service can and cannot do. We have made a fair number of mistakes and created many problems by assuming that the employment service could do things that it really is not well equipped to handle. The employment service has a very poor image among minority groups and disadvantaged people. This is going to be extremely hard to overcome. It is almost like the story where one sailor asked another if he believed all those bad things they are saying about the chief, and the other sailor says, "Yes, what are they?" It is very difficult to find minority group representatives who will say much about the employment service. Realistically, however, it is important to recognize that contrary to this general image, the employment service did not create all the problems that minorities and other disadvantaged people face, although it might not have done what it could have to eliminate discrimination, especially within its own ranks. But much of the criticism of the employment service could be leveled at schools and other institutions in the society as well.

There are some other basic problems in trying to get the employment service to respond to the prolblems of the disadvantaged. First, we have assigned the employment service roles that it is not well suited to carry out. For example, the employment service is not a very good policing agency, so that when we assign it functions like policing migrant housing requirements it is not likely to be very effective, because the service really does not have much power over employers. A promotional agency like the employment service is trying to get employers to use its facilities but its main penalty is to deny violators the use of its facilities.

The employment service's effectiveness also has apparently been impaired by assigning it incompatible tasks; I am not sure about this point and I would like to see that discussed more. For example, is it incompatible to assign the employment service simultaneously the function of increasing its placements and giving greater attention to the problems of the disadvantaged? Employment service representatives tell me those are incompatible, that if you try to concentrate on the problems of the disadvantaged, placements will go down, because you have to devote more attention and resources to the problems of the disadvantaged, so you have fewer resources to devote to placements. It might be argued that the employment service could accomplish both objectives if it had more resources, but this is by no means certain in view of the other problems discussed earlier.

I am sure you are familiar with the attacks that have been made on the employment service in recent yers by the National Urban Coalition, the Lawyers Committee for Civil Rights Under the Law, the lawsuits against the Rural Manpower Service, arguing, in essence, that the employment service cannot and will not respond to the interests of migrants and other disadvantaged workers.

What is the evidence with respect to these charges? There is little doubt that the employment service has improved its hiring of minorities, has become more responsive to the interests of disadvantaged groups, and devotes more of its time and resources to the disadvantaged, relatively, than the proportion of disadvantaged applicants; and the number of minority employees has been going up. Nevertheless, the employment service still perpetuates the basic employment patterns in the system, although it does more to perpetuate black employment patterns than it does to perpetuate white employment patterns. If you look at the numbers you can conclude that the employment service is already responding to the placement of people in low-wage jobs, where the most placements are, but can it do more to increase the placement of minorities and other groups in better jobs and high wage jobs? The attitudes of both employers and minorities about the employment service make this a difficult task. Employers feel they are not likely to get the kind of people they want through the employment service, and have therefore turned to private employment agencies. As the employment service concentrates on the problems of the disadvantaged, the private agencies have increased their placements of the advantaged. Moreover, in reaching many of the groups we are talking about it is going to be necessary to do more than just furnish job information. It is also going to be necessary to have a specialized staff provide some supportive services.

What for example, is the most effective way to meet the employment needs of minority groups? We have small demonstration projects in Atlanta and Houston that are trying to answer that question with respect to getting professional and technical jobs for minority women. We seem to have discovered that the first requirement for success is a small dedicated staff who can relate to the groups they are trying to place. These staffs must seek out applicants and establish a relationship with the industry in order to build a bridge between the minority community and the industry. The model being used is the apprenticeship outreach concept, except it is being now adapted to the problems of black women. The idea of "sweat equity" also is being built into this program. That is to say, the women who gets placed are expected to participate in the program as their compensation for the help they received. If, for example, you are getting a group ready to make application where previous individuals were placed, then those placements are expected to help with that and you are expected to do this thing around the clock, and it is not considered by the group to be an 8 to 5 job at all, and therefore it requires a great deal of attention to detail.

Another very important aspect of the project is that it has only one purpose. One of the problems we have had with many programs, including all of the new assignments we have given the employment service in recent years, is that if an agency acquires too many purposes it is very difficult to concentrate much attention on any one of them. The outreach concept is based on the assumption that if you assign dedicated people to one task and tell them to do whatever has to be done to get the job done, they will be more successful than if they had multiple tasks.

Can the employment service do these kinds of things? In the short run, I do not believe they can. In the long run, maybe they can.

Another area that could illustrate the problems we face is the whole question of how you extend manpower services into rural areas. It was a good idea to transform the Farm Labor Service into the Rural Manpower Service (RMS). I hope the role of the RMS can be maintained and even expanded because rural people tend to be invisible and unorganized and are therefore unable to get their fair share of social services. They therefore seriously need advocates at the highest level they can possibly get them and that's one role that the Rural Manpower Service has performed; even though the charge against the Farm Labor Service has been validated, as it did perpetuate discrimination; it was more responsive to the interests of employers than it was to the interests of the workers. The Rural Manpower Service is trying to break down discrimination and make the employment service more responsive to rural workers and not just to agriculture. I conclude that the employment service really has very little power either to eradicate discrimination or to carry out police functions. I think the employment service should concentrate on placement, counseling, and job development and leave enforcement up to somebody else and maybe even leave the outreach function up to somebody else.

Summary of Group Discussion: Earl Klein

A number of questions were raised as to why the unemployment rate for blacks still persisted at a level of twice that of whites—this despite vocational training, orientation, and other manpower and antipoverty programs. Even more important is what to do about it. There was some discussion of utilizing on a broader scale the type of demonstration project conducted in Atlanta and Houston in giving employment opportunities to black professional women. The program was successful because (1) it concentrated on persons with potential, (2) singled them out for special attention and services in preparing them for work in terms of job conduct, dress, hygiene, etc., and (3) conducted a highly individualized job search. The results were that employment risks were minimized.

The employment service demonstrated this capability in its Human Resources Development (HRD) program when it was appropriately financed (as the Atlanta demonstration project was). Unfortunately, it has not been so financed on a continuing basis and thus can provide intensive services of this kind to relatively few applicants who require them.

The employment service has had an image problem with minorities. There have been improvements in the staff hiring pattern, but overcoming that image is going to be a long-run proposition rather than short run. Equal opportunity needs to be institutionalized. In general, the employment service has been unable to deal with the disadvantaged by providing normal employment service activities and when intensive services are provided, normal employment activities in the employment service have suffered. From a policy standpoint, it is desirable that the employment service service both the disadvantaged and the nondisadvantaged. That requires adequate financing.

Citing Operation Mainstream and youth programs as examples, employment service programs to help special groups were advocated. Many of these population groups have difficulty in getting and holding jobs. The people who don't get included in the job market in the ordinary processes are not likely to get jobs under ordinary procedures in the private sector without intolerable levels of inflation. We might do it through voluntary fiscal policy, such as making the labor market so tight that even these folks could get jobs. Or it could be done through public service employment that is to some degree subsidized. An example of this is the Texas Mainstream Program. People in that program, over 65, say they would work free because of what it does to them psychologically. They feel that they are doing useful things, such as cutting brush, painting houses in poor neighborhoods, building playgrounds, cleaning up streams, planting trees; and they do it at relatively low cost.

If we take the view that somehow we are going to take care of the people who are unable to work or who ought to work full time in the mainstream of the labor market, then it might be a much more effective use of our public resouces to have a program like that than just let people seek out an existence on what they might get from welfare. There are not many persons with lifelong rural backgrounds who will be interested in and capable of being retrained for nonfarm work or who wish to be relocated to get a job. The model is not necessarily limited to rural. There are other people who have special needs who could be doing useful things through programs designed to utilize their abilities and still be in the public interest. We can get at unemployment better that way and at lower cost than by trying to pump money through the whole system, through monetary and fiscal policy.

One commentator point up the need for fewer generalizations about the employment service and more specifics. In a public agency, it is not a choice of whom we should serve or not serve. We should therefore focus on the behavior of the staff who are in the local offices of the employment service in terms of how they provide services to the people who come to them for help. It is staff who provide equal opportunity to agency clients. Laws will solve the problems of overt, specific cases of discrimination that you can prove in a court of law, but what we have to do is to have policies and staff attitudes which give primary emphasis on the qualifications of people for jobs.

A questioner asked what effect revenue sharing would have on all these programs. Dr. Marshall thought that it would have a deleterious effect in some cases, partly because in the absence of some kind of restriction or guidlines the local areas are not going to change their priorities. In many places, they are going to concentrate more on short-run, narrow objectives which rarely include any kind of human resource development, because the political reality is such, particularly in

small towns and rural areas, that you are going to get a whole lot more political mileage out of a building somewhere than you are out of improving the education and incomes of the people. Why should we pay attention to training people who may leave? We build that building and it stays there.

Revenue sharing is like the Emergency Employment Act. It may be a one-shot thing. You can't be sure that it is permanent, so how can you plan on it? The other problem is that the formula that is likely to be used is one that will discriminate against rural areas, unless you have an outright allocation of a certain amount to rural areas. There is an assumption underlying revenue sharing that is questionable—the assumption that local people know their problems better than anybody else. This is far from being a certainty. There is a political reality also that has caused the existing structuring of local priorities. If you can assume that groups which need help in getting into the labor market are going to somehow get more power to influence the local situation, then you might be able to make that work. The poor and other disadvantaged groups have seldom wielded that power. The other problem is that many of the manpower problems are national in scope, and national problems need to be addressed at the national level. It is true that the program has to be carried out by somebody at the local level, but it does not follow that the local unit of government is the one which can carry it out most effectively.

It seems that the most popular program with the local units of government would be the kind of subsidized jobs authorized by the Emergency Employment Act. The question is whether these job slots would be filled by the kind of people who need the help the most. With respect to specialization, it is difficult with present financing to have a specialist for minorities, a specialist for handicapped, etc. The employment service must be able to deal with everybody. The national policy of setting annual placement goals has created a tendency to ignore people with problems in order to meet the goals, because if you don't the agency is likely to have fewer resources next year. National policy and resources are really major factors affecting the employment service today.

If manpower policies are to be decentralized under manpower revenue sharing (MRS), the question is "Is there a role for the employment service?" Among the people who are probably the best trained in the manpower area are those presently engaged on manpower activities locally, which would include the employment service, the vocational rehabilitation agency, some people in the Veterans Administration, and some people working in community action agencies. To organize training programs takes funds. So it is not only a matter of having the will and the national policy, and the goals, but it is also a matter of resources. The employment service must balance off what it wants to do and what it feels is its proper role with the resources that it is able to get from Congress. For fiscal year 1974, the employment service is getting about the same amount of money, or less, than it received the previous year. But the unemployment insurance (UI) contingency fund was wiped out this year, and what this means is that the employment service will become the UI contingency fund because there will be a transfer of employment service personnel if the claimloads exceed the capacity of the UI staff.

In addition, for the past 2 fiscal years, the employment service has been given a 3-percent productivity cut, which means that the salaries and costs of operating State agencies have gone up. Effective resources to produce both job placements and human services of the kind being discussed here have been drastically reduced, and so decisions must be made regarding which services are essential and which are less essential. With respect to goals, the major function of the employment service will be to put people into jobs. This is the kind of thing it can do best. The total goal for placements has been broken into sub-groups with goals for minorities, veterans, disabled veterans, and disadvantaged. The employment service is largely going to place people in those categories who are job ready. Those who need training and other assistance before they can work will probably have to get these services from the mayor's MRS program because they are going to get the money to do it. They will do the job preparation and probably the employment service will do the placement. In other words, it is a division of work based on specialization—a practice followed by industry for many decades. The employment service is going to concentrate on placement, but placement of all groups, not just the people who are easily placed.

One assistant regional director for manpower in the discussion group commented that his region's record is not bad in terms of the proportion of total resources going into services to minorities and the disadvantaged. In fact, the chances of black applicants getting placed are two times

better than for white applicants. There was some concern when the employment service included in its reporting system the measurement of individuals served as well as transactions. Many felt it might show that the employment service was really placing only domestic workers and day-workers. However, the counting of minority placements turned up the fact that this was not true. The employment service has stayed abreast of and kept up with, if not often as the cutting edge of change, eliminating discriminatory hirings in that part of the country. Some of the manpower programs have been used as a vehicle for making breakthroughs in areas where minorities have not been used.

In hiring within the employment security system itself, there are serious problems to overcome the inflexibilities of State merit system structures. In terms of a limitation of resources, we think we have a better understanding and acceptance of goals this year than we had last year. Part of the cumulative problem of the employment service is related to the fact that it has not articulated its capability and goals and has not quantified exactly what it was going to do in the community. Publishing the plan of service at the local level, for instance, is a very healthy thing so that there is no mystery about what the expectations are that the employment service can do with its resources. If you lay the record alongside what others are producing, you look pretty good. What the employment service really has to do is to convince the local planning group what its capability is. What happened when the employment service got off the so-called "placement kick" and concentrated on employability services to the disadvantaged was that it did not make that program as placement oriented as it should have been.

The discussion then turned to a key issue: can the employment service emphasize placements and still serve worker groups effectively? It was pointed out that Mr. Kolberg, in his luncheon speech, was saying that the employment service should do both. Comments by the group suggested that the employment service can only do both if those special services required by special groups are sharply defined, because the employment service is not now financed to do the whole employability development job. If it were financed, the employment service could probably do the whole job.

Taking veterans as an example, it was stated that they are entitled by law to specialized placement services and preferential treatment in the employment service. That's an expression of public policy that's built right into the Wagner-Peyser Act. But again, if we are talking about rehabilitation, in-depth counseling, and other supportive social services, that has to be delimited. In other words, the in-depth services of a casework type have to be handled by some other agency. There are other community resources, for example, the Veterans Administration, vocational rehabilitation, and mental health clinics in many communities that handle people with a multiplicity of problems; and the employment service usually is aware of those resources and refers people to them. What the employment service can do is job development for applicants in these groups who have been prepared, who have some skill, and who are ready to go to work. The employment service does employment counseling but not of the extensive kind as in the Work Incentive (WIN) Program or the Concentrated Employment Program (CEP). Another need the employment service should meet is to help youth make vocational choices. Over the years, the employment service has devoted much staff time in providing counseling and placement services to school leavers in the cooperative program with the schools. More recently, the employment service has shifted many of the responsibilities to the schools, for example, administration of the General Aptitude Test Battery (GATB) and the scoring of it. The employment service has been throwing more of the load on the counselors in the schools, granted that they also are shorthanded. This frees the employment service staff to concentrate on the placement of those young people who are not going on to higher education but who are going into the job market. With the computerized Job Bank which gives the employment service the capability to list all the job orders that are in a given labor market, time is saved and wider exposure of jobseekers to the available job openings is given. The employment service's concentrated effort ought to be on those who are job ready and those who are near job ready. That may mean some assist in counseling and testing. As Mr. Kolberg stated, it was not his intention by emphasizing placements to throw out counseling, testing, and other services that are useful in effective placement. The employment service must define what it is capable of doing for the special worker groups and also utilize the full resources of other community agencies.

A question was raised to the effect that, if the employment service deals only with placements,

what organizations would provide the training? Individuals who would normally be in need of training would file applications with the employment service. They may come from low-income groups who do not possess the necessary training or skills to get jobs and can't pay for it. The question then becomes, who is going to train these people? In the past, and in some communities, to the degree that these resources were available, the disadvantaged, persons on welfare, and other low-income people were trained through programs like CEP, National Alliance of Businessmen/Job Opportunities in the Business Sector (NAB/JOBS), Manpower Development and Training Act (MDTA), and WIN.

Now if there is a shift to manpower revenue sharing (MRS), those funds which normally would have gone to the employment service and to the vocational education agencies would go to the mayors' and county executives' offices where decisions would be made regarding the kind of training the citizens of that community need the most and who is most in need. Then the mayor presumably would set up the appropriate developmental programs that would give them the necessary skills and capabilities to find a job. That is the theory of MRS; we have no practice as yet. There is an experimental program in Albuquerque which simulates MRS, but the results are not yet known.

In summary, the answer to the question where do you send people for training is that it depends on what they want them to be trained for, what kind of training they are capable of absorbing, what training slots are available, and what agencies are funded for subsidized training.

Several discussants pointed out that training is not the whole program. Prejudices and assumptions about an individual's capability based on stereotypes related to race or age or economic status often bias an employer against hiring. Also, many persons cannot effectively be trained vocationally because they lack basic language skills. Fortunately, many training programs have recognized that many people have this problem and provisions have been made in MDTA and the Economic Opportunity Act (EOA) for teaching basic education and communication skills. Sometimes hurdles exist in managerial or apprenticeship programs, for example, which require qualifying tests. In these cases, tutoring for otherwise qualified persons has been done, especially in preparation for entry into apprenticeships.

Some differences of opinion were expressed concerning whether training activities have to be related to the characteristics of the people being trained. One discussant working with rural people belonging to rural cooperatives in the South pointed out that their average age was 54 years and the average education was 4 years. He felt that what you do with them is quite different from what you do with the young black high school graduates who can go into one of the urban training programs. Another discussant, who worked for a contractor in the manpower area and who was involved in the WIN program in about 20 States, felt that the employment service should not emphasize the dissimilarities between people but rather their similarities, because it really doesn't make that much difference whether you are black, Mexican American, or Indian from the point of view of training. What we should be seeking are the common denominators and pitch the training toward those elements of skill and work habits that are acceptable to employers who, after all, are doing the hiring.

There then ensued a discussion of how the employment service was experimenting with a departure from the customary organization of the public employment office which is known as the occupational-industrial system. The basic principle of the experiment was to organize on the basis of the severity of the client's problem. The idea was to have three levels of service geared to client needs.

In level one, the individual's job problem is such that self-service is adequate. The idea was that this would require less staff. The staff thus saved would be assigned to levels two and three where you had to work with the applicants who needed intensive services. The employment service has gone ahead with this idea in 10 offices. As a result, the employment service has basically adopted the level one concept for all offices that have Job Banks, because the Job Bank was a requisite tool for running a self-service operation, in which job-ready applicants could look at computerized listings of job openings in a unit called the Job Information Service. In the present state of the employment service's budget, it looks as if services for those who need intensive help in levels two and three would have to be sharply limited. Other community resources will need to handle individuals who need intensive services. They can send them back to the employment service for placement after they have been made ready to go to work.

One participant pointed out that in any kind of public program the key is what success indicator is used. And if the success indicator is going to be placement, what steps are being taken to see to it that these other groups of categories two and three are not neglected? In response, it was shown that the employment service sets its annual goals not only in terms of total placements to be achieved, but also the subgoals in terms of minorities, disadvantaged, and veterans to be placed. The question of what constitutes adequate performance in terms of quantity and quality is a difficult one.

The employment service has an accumulation of statistics over many years that tells what has happened in terms of placements on the average. But averages are a mixture of poor, indifferent, good, excellent, and fair performance. It could be 80 percent placements of 3 days or less, 20 percent over 3 days, in one case. In another case, it could be the reverse. Standards are needed that define what is adequate. Management has to decide what it expects in the way of quality and be sensitive to what the public demand is. What has to be done to develop standards is to ignore the statistics which represent purely past experience and find out anew through observation and study what it takes to produce acceptable placement performance.

A discussant pointed out that many of the applicants in the so-called special applicant groups are job ready, that is, they could be placed beginning with where they are today. They still may need employability services. They may need more counseling; they may need more training. The phrase "job ready" has created much misunderstanding about the difference between people who need special attention and those who don't. "Not job ready" has been used as if it meant "unemployable," which is not true. Most of the special worker groups are employable, but they need a special kind of handling. Youth who have not had experience in job hunting need help in job hunting, and they are not problem people in many ways. This goes for a lot of minorities. It goes for a lot of older workers. They need help in deciding whether they should take a full-time job or part-time job, where they go about looking, and how they can use their experience and training best.

One aspect that also needs to be brought out relates to unions. The unions can do a lot for blacks and other minority members. For example, the United Auto Workers is helping people to become job ready, especially the blacks. Other unions are doing the same. This is an area where they actually help in training programs and in apprenticeship programs. Several unions, among them construction and the operating engineers, are helping to prepare minorities to enter apprenticeships.

A question was raised concerning the tendency of employment service offices to strive toward a high placement count, using such devices as placing the same person many times in short-term jobs.

The response was that the employment service is now measuring both transactions and individuals served. So placed, the same applicant might show up many times as placement transactions. But during the discal year, he would only show up as one individual. The average ratio of transactions to individuals in 1973 was about 1 to 3.

The response indicated that most communities have some support services. Generally speaking, the employment counselors usually serve the people who need a multiplicity of services. And they have knowledge of all the resources in the communities and the services which they provide, make appropriate referrals, and establish working relations with them. The employment service, for example, has a series of cooperative agreements with State vocational rehabilitation agencies which call for referral of physically handicapped and emotionally handicapped people to such agencies, and to their referral back to the employment service for placement after they are rehabilitated. The counselors know where help can be obtained with money problems, with childcare problems, with medical problems, and so on.

While no budgetary credit accrues for referral of applicants to these services, they often contribute significantly to the final result—suitable job placement.

A questioner wanted to know how success and failure are measured in projects designed to help disadvantaged persons. Very few studies show that the projects were total failures. Whether or not they were successes or failures depends on how the objectives were set forth. One of the problems that evaluators have is that many of the programs have multiple objectives. Congress had one objective, the people who are doing evaluation have some other. Sometimes the objective is unspecified, and you have to do what is called "discovery evaluation." You go into the organization and find out what they perceive the objectives to be and then step back and measure the re-

sponse—measure the results. The difficulty with that is that some of the most meaningful results that you get out of a program might not be quantifiable. There is no way to put down how a project breaks down institutionalized discrimination because of race, age, or anything else. If a cost benefit study of that process was made, it could be said that the people gained a certain amount of income and employability as a result of it. But how many "brownie points" do you put down for breaking down discrimination? Or making the labor market operate more effectively? A good bit of what this whole conference is all about is the assumption that the employment service has a role to play in one of the most important economic problems that we face, namely, how to reduce unemployment without intolerable levels of inflation. Any program that improves operation of the labor market would be extremely important from the standpoint of national economic policy. But it would be difficult to quantify the results of that. One has to be fairly specific about the particular program in order to be able to say why it failed. In WIN, for example, there is a conceptual problem, namely, that in a labor market of high employment, the program would get people off welfare and into jobs and that those jobs were somehow going to be meaningful. The cost to the public of doing that might be much greater than continuing the kind of thing we have now. In other programs that are conceptually realistic, the failure was due to the implementation of the program. People just weren't able to do it. So in each case, you find a different set of factors responsible for its success or failure.

Another point was made regarding the degree of sophistication needed to develop an individual's employability. A good example was the older worker studies conducted in 1956 and 1960. The program of service was basically counseling and job development. The control group received so-called "normal" services. The experimental group received what was called "intensive services." That means counseling, job development, and job placement, of course. More time and effort and staff was spent on the experimental groups than on the control group and significantly better results were obtained with the former. This was without any sophisticated services, because at the time these studies were conducted there were no federally supported training, orientation, and work-experience programs. Additional funds and services would not have been likely to achieve significantly greater results.

There was a request for comment on problems that have been encountered with veterans and which are being met.

One of the problems is the allegation that the Job Bank and job information service prevent veterans from getting preferential exposure to job openings. There are a number of devices that have been used to try to overcome that. For example, withholding an order from the Job Bank for a certain time period to allow veterans to be preferentially exposed to it. Another problem is that where there are Job Banks and job information services primarily for the job-ready person, short registration procedures are often in effect. The idea is to eliminate as much paper work as possible and take a skeleton registration, and get really down to the business of exposing a jobseeker who has a skill related to the opening. There have been complaints that this may work against preferential treatment to veterans because of a short registration. However, every veteran is encouraged to file a full application so that he can be exposed to openings through selection from the file instead of having to appear personally. Or, if he wishes, he can do both. The employment service has put a lot of stress on veterans and has been a key force in the President's veterans program, which has specific goals.

Discussants directed their remarks to the question of whether the employment service has a representative selection of the openings in the job market.

The job market is fundamental to the whole employment service operation. Increasing attention and emphasis is being given to improving relations with employers in the private sector, since they are the source of openings in a competitive market. During the period in which the employment service concentrated on employability development, those relations slipped badly and the Job Bank didn't help, because the Job Bank tended to impersonalize the relationship between the employment service office and the employer. The employment service called in a national employers' committee for advice and their report and recommendatiolns which are about to be implemented called for establishing an employer account system which is compatible with the Job Bank. In the employer account concept, there is one staff member who is responsible for the relationship with a specific employer including placements, openings, etc. But he doesn't do all the work. There may be many staff workers ordinarily working on the employer account. He is the

troubleshooter, he makes the adjustments back in the office, he is the liaison.

Following this discussion, attempts were made to frame a number of recommendations. Among these were:

1. If the disadvantaged person cannot be placed in a job, intensive efforts should be made to place him or her in an OJT (on-the-job training) opportunity. The employment service is frequently the referral and placement agency for OJT trainees. While the matter of getting "placement credit" for this activity was brought up, it was suggested that the important factor was to make a breakthrough for the disadvantaged in competitive employment.

2. Improved employer relations should be a priority goal of the employment service, since the private sector is the major source of competitive job opportunities—and this should include training opportunities.

3. Instead of a dual system of agency hiring (one for the public sector, another for the private sector), the civil service system should be merged with the public employment service. While a number of reservations were expressed about the practicality of a single public hiring and placement agency to cover the public and private sectors, there was nevertheless some sentiment for including this recommendation.

4. Recognizing that the Wagner-Peyser mandate requires the employment service to serve men, women, and "juniors" and, at the same time, that resources are never sufficient to serve the entire universe of need, the employment service should develop its organization, staffing, and services on the basis of the relative severity of need of its clients. In this way, clients with skills who simply need to know where the job openings are can be given job openings and job market information; while those in need of in-depth help such as counseling and support services can be allotted more staff assistance.

5. The annual operation plan (known as the plan of service) for each State agency should reflect this concept so that the maximum portion of the universe of need can be met in accordance with the fiscal resources made available. This would include identification of the population groups to be served such as minorities, poor, older, handicapped, etc., and the emphasis to be placed on various services.

6. Recognition was given to the fact that the public employment service has developed a beginning management system for planning, goal setting, and evaluation of results. This system should be perfected by the introduction of standards of performance that consider quality as well as quantity of service. A sound management system should result in more efficient use of resources. However, it cannot improve efficiency ad infinitum nor create resources. Therefore, additional resources should be sought to serve a greater portion of the universe of need that an increasing population demands.

7. Employment service managers at all levels, with access to better and hopefully faster information on performance and problems, should apply the management system to their daily tasks, thus getting better staff utilization and increasing productivity in terms of more and higher quality placements per staff members.

Discussion Group
V

Improving Manpower Service in Small Towns and Rural Areas. Providing Additional Options for Residents of Labor Surplus Areas, Including Economic Development Efforts and Relocation Assistance.

Chairman:

Clement R. Bassett

Commissioner
West Virginia Department of Employment Security

Presentation:

Dr. F. Foltman

Cornell University

Summary of Group Discussion:

Dr. John S. McCauley

Special Assistant to Director,
Rural Manpower Service, USES

Chairman: Clement R. Bassett

We began basically with a paper prepared by Dr. Charles Holt, called "Manpower Programs to Reduce Inflation and Unemployment." One aspect of this problem is labor mobility. Who do you *work* with? How do you do it? Do you help the entire family? How long do you maintain this help? We also may wish to consider foreign experience in the use of relocation allowances in Canada, Japan, Western Europe, and many other places. But it's a much more comprehensive, a much more expensive, use of what we would call relocation allowances and assistance covering many, many facets and activities—travel assistance, job match, job search, family relocation, commuting assistance, lodging and maintenance assistance, governmental aid for construction of hotels, living quarters, temporary housing, family allowances, travel expenses, moving assistance, and housing allowances.

We in West Virginia have been participants in the pilot programs on relocation assistance or mobility programs for many years throughout the 1960's. In my opinion these are good programs. They told us many, many things about mobility and relocation that we did not know before, and in my opinion and my mind, they told us that this would work. But you have to do certain things, and that's what we're here about today, one of the things we're here about. However, we still didn't have a real job search assistance. These were limited programs in financial support in many ways.

Dr. Foltman was born in 1918 and he received his M.S. and his Ph. D. degrees from Cornell University, where he has been a professor since 1967. His fields are executive and supervisory development, industrial training, occupational behavior, and manpower studies. He was a consultant with the U.S. Employment Service back about 1962 to 1963. His publications do include studies of displaced workers, training, and manpower. With a great deal of pleasure, I would like to present to you, Dr. Foltman.

Presentation: Dr. F. Foltman

I do have a particular interest in rural manpower problems, but I don't have any illusions or pretensions that I am an expert in the field. But just a word or two about some of the things I've done in the past which include, I think, problems that you worry about, and situations that you have been exposed to many, many times. I did, for example, direct a research activity a number of years ago in a distressed area of New York State which is not dissimilar from some of the very aggravating situations that we still find in Appalachia. A community, practically a whole county, became unemployed because the major industry there simple petered out. It became uneconomical to engage in a particular kind of iron ore mining. The commissioner of labor in the State of New York commissioned me and a group of graduate students (we were in that county for a whole year) to try to figure out what kinds of manpower services might be provided for people in those dire circumstances. Well, we came to the very, very unhappy conclusion that in such an extreme situation, there is relatively little that can be done. So we surveyed a lot of people; we collected opinions; we talked kind of desperately about economic development; we talked desperately about relocation or mobility allowances; but in the final analysis, all we did was to write several professional papers which went into learned journals. But I always had the very, very unhappy and sad feeling that the research was not equal to the problem. I trained graduate students; they had a very fascinating experience, but as far as providing services to that community, there was little or nothing that I could do or that the State of New York could do at the time.

On another occasion, I investigated the complete shutdown of a factory in upstate New York. I had the opportunity to talk to a number of people who became permanently unemployed, and who had therefore to make the kind of critical decision that unfortunately some people have to make from time to time. That is, do I stay and look for another job in this community, do I retire, do I go elsewhere? Just exactly what is the range of my options, what do I do?

Most recently, I've been associated with the Operation Hitchhike program in the State of New York, which is, as you know, a rural manpower program. For a year and a half, we have conducted a typical Operation Hitchhike kind of program in one county in upstate New York. In our Operation

Hitchhike, we've completed some research; we have also provided some staff support to the community; and we have trained a number of professionals and some paraprofessionals. We are trying to survey resources, needs, and problems. Simultaneously, we are trying a kind of a bootstrap operation, as is being tried in other States, to try to help the community understand its problems and to help itself to do something about those problems. The research component of our operation has been conducted by a graduate student, who is in my stable so to speak, who has produced a number of interesting papers for the people in the community. He has fed back a lot of interesting survey data to them. He's also been rapidly accumulating a lot of information which will eventually, we hope, be a good Cornell master's thesis reflecting on his work in that one county.

I have had an interest in the type of problems you want to discuss in this seminar, but I think it should be noted that I do come under these very, very special circumstances, with practically no time to prepare a formal paper.

My role is to present issues, problems, and questions. First, a comment or two about the speakers this morning and the panel presentation. For an hour and a half this morning, the speakers were going back to fundamentals. I think it worthwhile for this panel to follow suit. The question is being asked, "Do we have an active manpower policy?" One might rephrase that question to, "How active is our manpower posture or our manpower policy in this country?" Or, "Who are the intended beneficiaries?" Another question that I heard this morning, and I think it's valuable for us here, was, "What kind of employment service do we need, or should we have, or should we be striving to get in this country?" I had many interesting debates a decade ago right here in Washington and elsewhere around the country. It strick me in the last hour and a half that these debates are still very valid; still very relevant today.

Should we have a labor exchange, as the concept was defined 50, 60, or 70 years ago? Should we focus on labor market transactions? Should we focus on helping match people in jobs as we did for many years, or should we try to provide comprehensive manpower services? Over the years, a whole series of administrators, politicians, and others have had their try in answering these questions. Many years ago, we were very actively engaged in operating labor exchanges. The job is to provide service in the market by bringing employers and applicants together efficiently, quickly, and effectively. And then in the 1960's, as we all know, we were all asked to become involved in all kinds of ancillary albeit important problems and services, such as working with disadvantaged or disadvantageness. So the employment service, as the *1973 Manpower Report* has suggested, has concentrated on specialized and difficult personal rehabilitation rather than to organize simple matching of people and jobs. A table in that report shows what has been happening to our public employment service in this decade. From 1963 to 1973, the number of placements kept going down, down, down obviously because there were other concerns, other priorities, and other objectives.

So as we worry less about placements per se, we worry more about working with individuals and providing specialized counseling, rehabilitative, educational, and training services for individuals. The question then that we faced in 1963, 1964, and 1966 is surfacing again in 1973. Should we become a labor exchange as the current administration is suggesting? Should we try simultaneously to be all things to all parties? Can we be a labor ex-change and a total comprehensive or concerted manpower office as Lou Levine used to love to go around the country advocating? Is it possible to be a total manpower operation in a given community? The question is still valid. Is it one or the other, or one to the exclusion of the other? And another very important question particularly for our sessions is, when we focus on small towns and rural communities, when we look to rural U.S.A., that is, when we focus on the manpower services and problems of rural America, are we focusing on a completely new and different phenomenon, or is it simply a matter of degree? Are the manpower problems and manpower services that need to be offered different in degree or kind, when we focus on small towns and on geographical areas where the populations are scattered, and where we don't have the population concentrations that we have in the cities?

Another question that is very important and particularly for rural Americans is the question that Mr. Goldfinger raised so bluntly, from the trade union perspective. The question is "What should be the priority: job development, economic development, job creation, or people development?" That's another way to pose the old question that's been before us for many years. Can we do both? Beginning with the Manpower Development and Training Act (MDTA) and continuing

forward into 1970, we have opted primarily for a people development viewpoint. We have opted primarily for a counseling, training, retraining, consultative orientation to our policy. We have done a little bit of relocating here and there. We have provided for some mobility and we have obviously improved the employment service. But in terms of job development or jobs creation, the record is meager.

I think it's fair to say that our public policies, in the decade past, have been designed with an eye toward people development. The thrust has been that all these people are unemployed and burdens on society because of technological development. The manpower job is relatively simple. We take an unemployed person, we provide him retraining, new knowledge, new skills, and we put him back into the labor market. It is a relatively simple equation. We know now, of course, that it was not that simple. Over the years, most of the money, most of the effort, went into people services. Relatively less went into job creation, job development. We have had relatively little public work, for example, of the Works Progress Administration (WPA) type we had in the Great Depression of the 1930's. There is the Emergency Employment Act to be sure. We had the famous Area Redevelopment Act and subsequent economic development activities. We've seen the enactment of the Rural Developmnt Act. But to repeat, when we review the record, in terms of money inputs for resources, I think it's true to say that we've focused more on people and their training than we have on economic development per se or regional development, or job development. We have said in effect that the Employment Act of 1946 with normal fiscal and monetary policies will provide for economic growth overall and for the required number of jobs.

Many basic questions still face us. What really is the total manpower effort designed to do? As a part of that we can ask more specific questions about the role of the employment service. And, in turn, about the specific component services at the rural level. What are we really interested in doing with our manpower policies? To use our manpower more effective or to use people more effectively, or to provide for continuity of employment, to guarantee employment, or to provide jobs for everybody? Good jobs or any kind of jobs, or jobs at the minimum wage, good jobs in some psychologically satisfying sense?

Is it designed to provide adequate income or jobs or rehabilitation? Is it something simply to keep the lid on to try to keep the social ferment and social dissent at acceptable levels?

As an observer from the groves of academia and sometimes a worker in these manpower vineyards, I see that we have vacillated; we've never been really clear as to what it is we seek to do. We have never really provided sufficient resources long enough to really do the job because almost by the time we define the job, the signals change, and off we go again on another tangent.

Let me quickly change gears. Let me focus specifically on rural manpower. I find that there are some 20 different programs according to the U.S. Department of Labor—manpower programs in rural areas—that have been designed to be specifically related to manpower problems of rural communities. Come of these seem to be very specifically related to rural problems while others are simply standard manpower programs.

Let me focus just a little bit more at the rural level but in more general terms. What kinds of services are provided by the public employment service to the rural communities? Well, by and large, in upstate New York, the answer would have to be practically none. Now I don't know what it is like in West Virginia or Kansas or Nevada or California, but in upstate New York, I can speak with some conviction that the services are very minimal. We have had a smaller communities program, we have provided from time to time some itinerant services for rural communities, but by and large we have never had enough money, we've never had enough staff, we've never had enough resources in New York State for rural communities. For example, in a county that we've been studying for a year and a half under Operation Hitchhike in upstate New York, we find that the only employment services that are provided are the minimal services for those on welfare; simply the distribution of welfare checks and unemployment insurance. No placement of any kind until the Hitchhike effort. But prior to that effort, there was practically nothing. Another question, very important in terms of rural manpower problems, relates to the extent and effectiveness of manpower planning. Talk of the Cooperative Area Manpower Planning System (CAMPS) and manpower planning, it is quickly clear that such efforts are directed to the huge urban problems of New York City and other cities. Relatively nothing, of course, for relatively small counties. So if you're under 100,000 people, you don't get manpower plan-

ning, you don't get services. And, neither politicians nor reformers are that interested.

How about vocational education in this rural county? We do have in New York State a very interesting vocational education pattern based on a regional concept. If there are not sufficient resources in one county, there are in two or more. Through consolidation, it becomes possible to support a comprehensive vocational program. And this is a pattern, of course, that prevails in many other parts of the United States. The concept is one of sharing services. But, even with the development of these area centers, many of our communities still get a very limited curriculum and one that is too inflexible. There seems to be no easy way for persons who have completed a vocational curriculum to continue their studies in another educational institute. The programs are designed so as to try to get persons into immediate employment. But if an individual decides later to try to move back into the educational stream, it is practically impossible.

What other typical manpower programs can be found in a rural county? Little to none. The MDTA effort was aimed at the cities. There is a modest Neighborhood Youth Corps. Occasionally, a person is referred to one of the nearby urban centers for manpower training, but because there is no systematic delivery of employment services, there is little manpower training or retraining. Obviously, there is no easy answer to this kind of a complicated question. The fact is that it is a rural county. It's big, has relatively few people, and it contains many miles of sparsely populated land. To complicate matters, a range of mountains effectively separates the county into two separate communities. Are these rural manpower problems different from our regular manpower problems or not? Who are the clients and target groups in rural America in any given area? How do we find these people? That's a particularly important problem that has not been solved in our area. How do we locate the people, who do we outreach? When we talk about outreach in Chicago, New York or Los Angeles, we know something about it, even though we recognize there are many, many difficulties. But it becomes even more difficult when we talk about it in a rural context. In our county, for example, there is no radio station and no TV station. A small country newspaper publishes once a week. So how do you tell people if you have some kind of manpower service? How do you tell them that there is a service but that they must register for it? What are their skills? What is their education? What is their motivation and aspiration, what do they want to do, what do they want to become? To repeat, do we focus on disadvantaged or do we focus on the entire population? In this rural county, what is the priority? Do you look for this person who just graduated from high school and try to do something for him or her; do you try to find this middle-aged housewife that you're trying to attract into the work force, or just exactly who or what are the priorities from the manpower view?

On the demand side, it seems to me there are many interesting but unanswered questions in the rural manpower field. Are there any jobs going begging? What kinds of jobs will be going begging in the future? What is the growth potential in this county, what are the growth industries if any, and what kind of growth points can we foresee? Can these be promoted? Should manpower people in a rural setting stick to their last, that is, professional work, such as counseling, surveying, placement, or should they become more broadly oriented community development specialists? I can't answer these questions but since we're talking about smaller numbers, it may be possible for an employment service person in this setting to think of himself or herself as a community developer, and as an organizer of all kinds of resources. In this vein, what public and private resources are available in this community? This cataloging of resources is one of the jobs that the concerted services program has done very well. This is a prerequisite if we are to understand our problems and do something about them.

From a managerial viewpoint, we can ask more questions that are particular for small communities and counties. Who sets the goals for these manpower services, and how? How do they become a part of a larger manpower planning apparatus? How is coordination achieved? Unfortunately, we have not solved the coordination problem in the United States at any political or geographical level. We still have separate departments and autonomous agencies. We still have separate categorical programs posing coordination problems at the national level, the State level, and the local level. For example, a vocational center is part of our system of public education. Teachers and staff relate to the New York State Department of Education. They don't relate to the New York State Department of Labor where the employment service is housed, even though public policy specifies they should.

several were distinctly rural in character and in concept and in scope and others were more generally applicable. I said that the Job Bank was one of those. The point I was making though is that Job Bank data comes to this guy in a rural county and the chances are very high that these job listings or jobs are listed in urban areas and not in his rural county, so this Job Bank device is not as useful for rural people as it might be for people in urban centers.

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In North Dakota we plan to place the Job Bank materials in one location in every county. Job Bank is going to get information out to the rural area that has never received it before. We talk about equity of service to the rural areas. However, we are also told that we should consider the cost-benefit ratio. We in the rural areas know that serving rural people costs more and the name of the game is placements. How are you going to meet these two demands at the same time?

We ought to be able to use the Defense Department and other departments to help disperse small industries and hold the population in the rural areas. There are people there who have been pointed out today that do not want to leave, and they are good people. We are finding in the Northrup operation that their total cost is $10 an hour. The comparable cost of this assembly in California was near $30 an hour. There are some very definite cost advantages to employers who come out to rural areas and set up industrial plants. Why can't we put heavy emphasis on moving jobs instead of people?

I think it is a very sensible notion. Many countries around the world have had just that policy.

We should use Federal funds to encourage growth of industry in rural areas. If we do not do it, then we had to the social cost of the metropolitan areas. They will need to accommodate more of the people who are coming from rural areas. Why not use some of that money to bring in industry and get needed subsidies of this kind.

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Am I not correct that the Defense Department has for years had a responsibility when locating contracts to consider its impact on employment and unemployment?

It is a policy that is not very well carried out.

* * *

I think we ought to look critically also on how medical resources are channeled by the Federal Government that go between urban and rural areas; you find that the rural areas are very much shortchanged. We ought to look into how transportation resources are allocated between rural and urban areas. You will find that while you have a very well financed urban mass transit authority, there is not one single Federal agency that has any program to do anything about the lack of public transportation in rural areas. If you would just equalize, you would do a lot to get more job-creating activity in the rural areas, and maybe start reversing the trend.

You expressed some concern earlier about the allocation of resources into the rural areas, manpower activities, and we talked today in several sessions about how manpower revenue sharing funds will be allocated according to a formula which will mean that more resources will be going away from the urban areas into the rural counties. One of the questions I guess that really needs to be focused on is the planning capability to make proper use of those funds that will eventually be coming into the rural counties.

I also expressed a little bit of apprehension about the really small counties being allowed to develop their own manpower plans. It is my impression that some population requirements have already been established.

* * *

I think one reason we have given little thought to mobility programs, is that we felt that the necessary funds could not be obtained. The ones we did have several years ago were experimental demonstration type programs on a very small scale. It would seem to me that under manpower revenue sharing, you could conceivably use the money for that purpose.

I think that is a good approach when you have no economic base in the community and the outlook is not very good. For example, up in the peninsula of Michigan it is just not developed. What are your alternatives? I think mobility perhaps is one of the better alternatives.

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Mr. Chairman, I would like to come back to this matter of cost. I guess it was I who raised the question this morning. I did not mean that to be interpreted narrowly in the sense of cost of just providing employment service. Obviously, if you are going to interpret that narrowly, then take into consideration what Assistant Secretary Kolberg told us, that you people are going to be operating on the basis of who provides the most place-

ments and rural services will go down the drain because they have a scattered clientele. I was not speaking that narrowly. I was talking about proviing total services, transportation, sewage facilities, lights, the whole bit, and we do not know the answer to that question. I think it is a very important question and it relates to the argument made this morning, that in order to really get this thing rolling we have to have an economic basis for our program.

The thing that keeps coming around and around the bush is we have got to know how to solve part of this problem. Let us go back to the days when we required of the area developer an economic base plan. We had the Rural Area Development (RAD) program which was training supplement to train people. We initiated, and it was a very successful venture, the smaller communities program, to survey and develop in each local area. It was tied into the chamber of commerce and local industry and this brought a lot of small industry into rural areas that created a lot of jobs. What happened? We washed out the smaller communities program, failed to fund the RAD, so that cut off the train component, and nothing has ever been done to implement the economic base plan. We have gone out several times and mustered this kind of community support but the problem lies in getting somebody to take what we have and put enough collective force behind it. We do not have to go out searching for new ways to do it. We have already plowed this ground and we have got some experience to show that this job can be done. We should do those things that are good and we should have the collective support of the Department of Agriculture, the Cooperative Extension Service, and the rest of them to continue those efforts.

In West Virginia we were quite anxious to resolve our rural problems, especially the communities where we did not have an employment service office. We tried to biuld up the smaller communities program, but the problem politically is that the limited dollars again were moved to the urban areas.

You see again the crucial importance of the long-term planning situation. All of these things are building blocks to do what we are all saying needs to be done. But what happens when we put all our moneys on placements? The first thing that gets cut is our employer services. The next thing is a special program. So when we get something generated, we get into the position to move forward, and then we come around and say, well, we can not afford it any longer, right when it is beginning to get to the place where it can pay off. We keep searching for new ways, when we already have all the tools we need. As the old saying goes, you got a gold mine at your feet if you will just work it. We have got the knowhow, we have got the experience, and we can do the job if somehow we could get all this together.

* * *

I think the emphasis that has been put on rural in the last year should continue. I think it will be, if for no other reason than that we have a court decision that requires us to continue to do that which we said we were going to do. I would also like to suggest that we zero in a little bit on what is the role of the employment service in rural areas. We have been talking a great deal about the need to see what dan be done for economic development to assist those people who want to stay in a rural area and to assist those who wish to leave.

We got the message today that our performance is going to be based on how many placements we make. As the employment service director for my State, I have just so many resources and wonder how much I can afford to assign to rural areas? I know it costs more to operate in rural areas. How are we going to be measured? Are we going to lost money at the midyear review because we attempted to meet our responsibilities in the rural areas?

Perhaps this group should recommend that some allowance should be made for the higher cost of making polacements in rural areas.

I think it is very appropriate. This is a special social cost, it has to be added here.

* * *

During the course of our discussion, we did not talk very much about the feasibility of organizing mobility programs to relocate disadvantaged workers from areas of labor surplus. Most of our time today has been devoted to building up employment opportunities in a local area based on resources within the area. Some of you have mentioned we have the systems, we have used them, but we just have not developed them enough. We have not cooperated enough. The various departments we have heard from today all seem to be saying the same thing: let us bring our efforts together within the local area to build the skills and knowledge of local residents, and thereby encourage economic development within the community.

I have seen it work very well where a single local office manager or a guy who simply hits a community once a week serves a role of a concerted service coordinator. There is nothing new about the idea of concerted services; the employment service has been doing some of these things for years.

There was a survey done of the expectations and aspirations of 1972 graduating high school students. Better than 50 percent of the graduating students were going on to some form of secondary education, mostly 2-year and 4-year institutions. A good many of them were planning to take advanced training programs. Very few of them, proportionately, expected to go to work full time right off the bat. But what I found very interesting was the large number of kids who said, yes, we would be willing to commute better than 20 miles each day to work. I assume that takes care of the distance to your major cities on both sides of the county. I think it is in that area that a personal Job Bank provides a useful service and, secondly, it points the direction in which the employment service ought to be going in terms of providing some counseling which we are sadly neglecting.

* * *

Could I pursue one part of that a little bit further just to see if we can make it even more specific. How do you envision this catalytic role? Let us suppose an employment service representative comes in once a week. Does he make contacts then at the local level for somebody else to follow up?

I am a firm believer in the volunteer system. I think people ought to have their arms twisted in local areas to help provide some of these services. This approach is used in Nevada where they have a mobile team as part of an Area Concept Expansion (ACE) project. They were in a community for a few days, but then traveled a regular route which brought them back to the same community approximately once a month. They established contacts with the power structure in that community and began developing an interest in these people in taking a look at their community and seeing what could be done to develop job opportunities by promoting expansion of industry. My observation is that the employment service people do this job very well, as well as if not better than the extension service types, because I think they were oriented toward people whereas extension service types are more likely to be oriented in the direction of plants.

In terms of the value of the Job Bank I think the only thing it is good for in rural areas is counseling, because at least in Michigan by the time they get the microfiche all the good jobs are gone. The Hitchhike project at least has taken the Job Bank into high schools and it is really an excellent counseling device because students really want to find out about real jobs and what they pay.

Experience with the Job Bank varies from place to place. It has seemed to work very effectively in some States.

In a typical rural area there is only one school counselor who spends all his time going through college catalogues for the 15 percent of the high school class that go on to college. He has no time, training, or expertise to take care of the 85 percent of the students who will be looking for work as soon as they leave high school. Now again, if the employment service cannot pick up that slack, then we have to invent somebody else to do it. In northern Michigan there are certain community action agencies in partnership with the employment service and the school systems that have hired job counselors that really find jobs that a specific two or three students in high school would want.

Perhaps the role of the employment service should be to provide technical assistance to the schools. Maybe we do not have enough money within the employment service to do it all, so why don't we provide assistance to the school people who could be trained in our type of job-related counseling.

Are you saying that a State of local general purpose unit of government may buy the services of the employment service and do what you just said?

Yes, that could be one way to meet the need.

We do have some plans in the Labor Department to train local and State government people in regard to manpower revenue sharing.

I think rural areas should get a large share of this help, because most of your larger cities and municipal counties already have the expertise.

We once had a $100,000 pilot program in West Virginia that went into the hollows and actually brought in training and services. Cars were provided by the American Dental Association and the American Optometric Association. Some of these students always had pains in their mouth because they never knew that a cavity could be filled.

* * *

Communities sometimes need special help to adjust to mass layoffs. When the war in Vietnam started to wind down some rural communities lost many jobs because the Department of Defense was pulling out funds. This occurred in little towns like McAllister, Okla., and Crane, Ind.

Moreover, the Occupational Safety and Health Administration of the Department of Labor and the Environmental Protection Agency have also had an economic impact on some communities. Rural areas just do not have the sophistication, the money, or the ability to combat such problems. I think maybe the employment service, if it could tap funds from manpower revenue sharing, could help local communities resurrect their lagging economies.

I served for 2 years on a Presidential committee concerned with economic adjustment. They did not have any built-in reserves to help them but had to rely on the cooperation of various Federal agencies including Commerce, OEO, Labor, Transportation, and Interior. Our base, of course, was a buildup of rural recreation and tourism you see in those areas. Just last year, when they closed down that base in Montana, it was the Department of Labor that had to put up a big chunk of the dough in order to move their people out. We placed them in different areas.

We should provide an incentive to bring in plants and other employment opportunities to help to keep people where they are. The employment service would then have more customers to serve and would be able to make more placements.

* * *

The Rural Manpower Service has been working on a training program to help train the staff of the employment service for providing more adequate service to rural residents. A curriculum is being developed which will be made available to the regional offices and to the State agencies.

A resource group representing both State employment services and regional offices has been participating in the development of these materials.

Discussion Group VI

Community Relationships, Working with Institutions From Which Substantial Numbers of Job Seekers Flow into the Labor Market

Chairman:
William E. Garnes
Administrator
Ohio Bureau of Employment Service

Presentation:
Dr. John S. McCauley
Special Assistant to Director,
Rural Manpower Service, USES

Summary of Group Discussion:
Evelyn Murray
Supervisory Employment Service Advisor, USES

Chairman: William E. Garnes

This is an extremely important area of concern for all employment service agencies. Anyone who operates in the field of employment service problems today understands and realizes the tremendous number of problems we encounter on a daily basis trying to serve the large number of untrained and unprepared people who come to our offices for employment service. Unfortunately, with all the shifting and reemphasizing of services, we have never been able to develop the kind of programs that deal adequately with providing competent, qualified service to a large number of people, particularly those who come from situations of dire disadvantage. Also those who come from high school without any real knowledge of the world of work need every particular service that the employment service can possibly offer them before they are employable. This is an area where we do have an opportunity to provide a very vital service to any community. I'm not sure that we have provided that vital service. I'm not too sure that we're even going to be able to perform at a level such as we have in the past, as bad as it may have been, or as good as it may have been, in any particular community because of the uncertainties of manpower revenue sharing and all of the various unknown factors that we may encounter next year in terms of who is going to be running the employment service and just what our relationship will be with the planners in the various cities.

Dr. John McCauley has offered to give you some insight and overview of what some of the problems are. I'd like at this time to introduce Dr. McCauley and allow him to make a brief presentation.

Presentation: Dr. John S. McCauley

I would like to suggest some questions for discussion concerning employment service relationships with institutions from which substantial numbers of jobseekers flow into the labor market, including schools, prisons, and the Armed Forces.

One model for more effective relationships with schools was included by Congress in the Vocational Educational Amendments of 1968. The amendments provide that the employment service help recruit students for vocational classes. This might be particularly helpful to adults who have been out of school for several years, and who might not go back to a vocational school setting without some urging. The amendments also provide that the employment service help find jobs for both the graduates and dropouts from vocational schools. Moreover, the law specifies that the employment service provide labor market and occupational information to vocational educators on a regular basis to help them in planning curricula. Finally, the amendments provide that the vocational educators inform the employment service of the number of students enrolled in various courses. A sum of $5 million was authorized by the Congress to defray employment service costs in conducting these activities.

One of the questions we might want to consider is the extent to which such relationships have been established with vocational schools. Another question is the feasibility of developing similar relationships with other parts of the educational establishment.

It would also be valuable to get your reactions to the arrangements for aptitude testing, counseling, and placement that were established a number of years ago in connection with the employment service cooperative school program. This program, in spite of its valuable contribution, has been given a relatively low priority in recent years and has been discontinued in some communities.

Turning to relationships with the Armed Forces, all of you are no doubt familiar with the efforts being made by the employment service to help veterans find jobs. This responsibility is a legal one. You may also wish to discuss "Project Transition" which was developed from the Department of Defense in collaboration with the employment service. Fortunately, representatatives of the Veterans Employment Service are participating in this seesion and will help us explore problems involved in serving the returning veteran.

There is also the matter of employment service relationships with prisons. Most penal authorities agree that a more systematic arrangement needs to be made to help smooth the transition from prison to gainful employment. Perhaps if

this were done, it would be possible to get people out of these institutions a little sooner and into worthwhile jobs so the pressure of economic necessity would not push them back into crime. Possibly some of you had experimental programs with prisons in your State. What is the potential for such programs and how should this work be funded? I suggest that we consider what measures the employment service needs to take to improve relationships with prisons and other institutions that send large numbers of job-seekers into the labor market.

When we consider community relationships, we must also consider all the rehabilitation and welfare agencies which refer applicants to the employment service.

Summary of Group Discussion: Evelyn Murray

(The group discussed many situations, not necessarily in the order summarized here.)

Prison Situation

Rather than trying to discuss the whole business of vocational training in prisons, an effort should be made to hasten the exit of potential parolees, if they have skills or can be prepared with some additional training to move into jobs.

Until about the middle of 1970, the Manpower Administration spent no more than $2 or $3 million annually on involvement in ex-offender manpower programs. At that time, the Office of Training and Employment Opportunities suggested a comprehensive approach to test a number of different ways of handling this problem. One approach had to do with presentence intervention programs. These are programs for youth who have mostly committed misdemeanors and some felonies in major cities in the Nation. The Urban Coalition with other agencies and organizations, and with the employment service, developed programs in major cities throughout the Nation. Institutional training within scores of prisons throughout the Nation did show some results when ex-convicts were placed in jobs as a result of training. It reduced the recidivism rate. Now is the time to begin digesting these findings and making some new policy in the field. Apparently, the degree of success outweighs any cost of these programs to date. One State hired people from the prisons to work within the agency itself. As a matter of fact, all States in the test program were required to have on their staffs coordinating people from the various correctional institutions. It has worked fairly well. An evaluation of the program can be obtained through the national office.

A determination should be made of the extent to which the law enforcement agency funds might be increased in this particular area since the employment service is short of funds. The Law Enforcement Assistance Administration (LEAA) can and should devote a percentage of its resources in this area.

Revenue Sharing

If you are a mayor or governor you will have all kinds of contending forces for the resources that you have as prime sponsor of manpower programs. As far as priorities are concerned, some of these programs are likely to get lost in the shuffle. If there is no presumptive sponsor for employment programs and if the employment service is going to have an important role to play, there will need to be discussion about minimum standards of cost and minimum standards of performance. That raises a fundamental question under manpower revenue sharing: "Who is going to set these standards?" No answer to that question has been found. Various mayors and planning bodies are developing new programs, which on paper sound good, but nobody knows who's going to supervise these programs. At the same time, money is being carved out of the funds with the intention of putting it into new programs, sometimes at the expenses of some highly successful ongoing programs. For example, $200,000 may be taken out of Manpower Development and Training Act (MDTA) program which has a good placement record and should expand, and put into another program that is reducing its slots because they cannot be filled.

If there is a vacuum, the only way to handle it is to walk into it.since apparently there is no conscious, strong desire to establish standards, the employment service State agency ought to begin moving to develop standards from their own experience and begin setting ranges of cost for different kinds of activities whether it is a placement activity or other service. It is obvious

that there are all kinds of approaches to doing this. If it is tried in a State, it ought to be very carefully outlined so that it cannot be shot full of holes before it gets off the ground. If the standard is properly developed, it cannot be ignored.

The group was reminded that the governor actually is supposed to have about 35 percent of the total funds that go to a State, for the prime sponsors, both in the metropolitan areas and for the balance of State. Insofar as that 35 percent is concerned, he can have considerable influence in determining what is the proper standard of operation and of contracting or of allocation of the program to a specific agency, including the employment service. The fact that there is not presumptive sponsorship doesn't mean that the employment service won't be a sponsor of these programs. If the employment service aggressively believes in its mission it should move to do what it ought to be doing by contract to establish and carry out standards and perform prescribed services.

At a governors' conference on manpower revenue sharing in Washington early in 1973, there were two employment service directors present. The governors are very disturbed over these questions. They are trying to get into the picture. Senators Nelson and Javits indicated their concern is the same as the employment service's concern, i.e., standards of service.

The greatest thing going is the favorable relationship between governors' offices and the employment service. But guidelines and directions are needed.

There is the whole question of evaluation, monitoring, and assessment of programs in terms of arriving at whether or not an agency should be funded or whether or not some of them are setting up duplicate services for programs that already exist. For example, there is a very successful program dealing specifically with the convict who is about ready to be released. It operates in eight major cities in conjunction with four agencies; the employment service, Adult Education, Goodwill, and the Bureau of Vocational Rehabilitation. The employment service provides the counseling and testing and then eventually the job placement service. Another successful program is a 3-week orientation to the world of work. The figures show 80 percent placement. Yet, at the same time, the City of Cleveland is planning to use funds to organize a manpower component to do practically the same thing the employment service has been doing for some time. They say all they will need the employment service for is counseling.

The employment service has the right to take a hard look at what the costs are of the LEAA project in Cleveland and find out how well they're doing and how their work stacks up. Now is the time to set some standards for State agencies to work cooperatively, without Washington domination. It is believed that the employment service national office would welcome State agencies, as a group, presenting positive suggestions as to what the standards should be. The only really workable standards must be developed by a work committee of national, State, and local people or be subject to immediate change.

There is a critical role for the Interstate Conference of Employment Security Agencies to have the maximum input on developing standards. Some discussants believed it's more likely there will be success if the States say to the national office, we're working on it, send us someone to help, but not to dictate.

Veterans

The discussion group's attention was called to the problem of veterans. In Ohio, a fairly successful job has been done in terms of getting employment for returning veterans. Placement records may not be the highest in the Nation, but are around 80 percent. It has been hoped that the mandatory listing program would have been much more of a help than it has been. Job listings are received, but few placements. The job placement rate as a result of mandatory listing is around 8 to 10 percent of all openings received in the early months of the program.

There is a good placement record for the veterans from 25 to 29 years of age, and those over 30 years of age. The problem is the 20 to 24 year olds. Some believe that a separation center is not the place to get to the younger veteran who is not in the mood to listen, not in the mood to think, and not in the mood to make decisions. Some States have an excellent record in terms of counseling these men when they appear at the local office. It takes them almost 9 months to get there from the time they leave the Armed Forces until they hit an employment service office. Now this tells something. The volunteer army attracts young people who have not completed high school. A new group is coming into the Army. They will need training to qualify for civilian jobs when discharged. The Department of Defense feels only

one group of people can do this, and that is the staff of the public employment service. They feel they have gotten the best results from employment service participation. The employment service should play an active role on the base before a veteran is discharged. It has yet to be determined how best to use all the resources of the employment service to serve this group. This is a responsibility that is primarily Federal. With revenue sharing, the source of income for training must come from the Department of Defense, which no longer is going to be satisfied without a policy of priority service to veterans. They are going to demand that a job be waiting for that man when he is discharged. This is the place to turn to for money which can be utilized for training purposes.

The veteran movement has failed in liaison with school systems in this country. Few public school systems offer information on careers in the service, training in the service, opportunities in the service, as an integral part of their counseling system. Five hundred thousand young people must be attracted into the Army this year, a matter which ties into relationship with the schools.

The *Manpower Report of the President* has specific reference to the Department of Defense as a manpower agency. This can be tied into the employment service.

We cannot wait for action to come from the Department of Defense. It's a challenge for each employment security State administrator. A large separation center and post, whether Navy, Army, or Air Force, within the confines of a State is a terrific responsibility and a source of strong support for what we are discussing.

Another question raised relating to mandatory listing provides an opportunity for the employment service. To take best advantage of it, the whole procedure that's implied by the existence of that order must be examined. First, what the job orders consist of, the implications for different kinds of jobs in manpower of one type of order from a particular corporation rather than another. A blueprint must be laid out of what the needs are going to be, how relationships can be developed in relation to the jobs listed by a particular corporation. The mandatory listing provisions do not say that a company must hire the fellow sent by the employment service. Strategies must be developed in each local employment service office for a hard-hitting approach to full exploitation of the listings. There is a movement to test different approaches on mandatory listing to develop a successful strategy which would be exportable.

The whole question of offering military volunteers careers, both military and postrelease careers, is really a national problem rather than a State or local situation. Dischargees from a release center fan out all over the country. Revenue charing does not work here. Coordination and planning from the national level is required as to kinds of training for those who are not in the military services for a military career. The employment service could better prepare itself to work with the manpower representatives of the Defense Department. Many to be trained cannot use the skills developed in the service, so consequently must look for training or jobs outside these skill areas. There is involvement in the employment service in that kind of activity with the Defense Department.

The members of an employers' national committee, who are associated with the 121 top industries of the country have taken a position that their companies should have a high rate of hiring from the employment service. It cannot be proven statistically since that type of record is not kept, but observation of the participation of these companies makes it appear to be true that the effort is successful.

Sharing revenue is going to result in decentralization, yet some programs call for national planning and execution.

There's some question about the decentralization and even the decategorization of some manpower programs, because the regulations are really the same regulations that appear under the existing legislation. If a program involving the employment service emanates from MDTA or the Office of Economic Opportunity (OEO) or from other sources, for example, the regulations still pertain and the money still has to be spent under these regulations.

Another problem raised is why there is a 9-month time span between the time the veteran is discharged and when he reports to the employment service. There is a direct relationship to the amount of leave built up, the amount of eligibility for Unemployment Compensation for Ex-Servicemen (UCX), and where he is located. If the veteran is in an excellent labor market with opportunities and training schools doing a job, the time is cut. The assumption is he's looking on his own for a substantial period of time. Then he realizes that he's got to have professional help. The employ-

ment service should have been able to reach that veteran sooner.

Employment Service School Program

Another subject brought up by the participants was the employment service school program which allowed close employment service cooperation with schools. It was a very successful program for years, but in the way of programs, there have been some severe reversals. It was the greatest positive force in reducing some of the barriers that seem to exist between educators and the employment service through the role of counseling and job placement. In a number of States, there's a rigid resistance towards vocational counseling. Many perceive their son to be someone who requires higher education. They reject the idea that he may be counseled toward vocational endeavors. One of the problem is lack of direction and understanding of the purpose of this program by the U.S. Department of Labor administrators not providing resources to continue this very important program. Our employment service relationships with schools and summer programs were tied in with the school system for over 25 years beginnining in 1948. The employment service placed a great number of graduates and school dropouts. But the funds to do this are not made available. It is impossible to be responsive to these problems, when funds and resources to conduct these kinds of programs are going down hill because employment security administrators do not understand the implication of the school program for employment service placement responsibility of entry workers.

One problem is that vocational counseling is often done by academic teachers who know very little about the world of work. Young people who want to go into trades may be counseled out of going into vocational schools. The same teacher needing a new set of brakes on his car doesn't want nonachievers working on his automobile. The Department of Labor must be up to date on today's technology. For example, $12.5 billion will go into the annual budget this year to be spent in recreation, and yet, there are only three manpower programs geared to the recreational field. For example, marina service occupations, no longer seasonal positions, are available 12 months a year and are paying $4, $5, $6, or $9 an hour and up.

One participant reported, "About 6 months ago, when in one of the regions I checked a local employment service office to see what kind of jobs they had, there were loads of jobs as dishwashers. On a trip to the ski country, I talked to owners of resorts about yearround jobs. They can provide at least 250 jobs starting at not less than $3.50 per hour. An approach with industry to identify needs and establish needed training programs is essential."

The employment service may take care of the aptitude testing and counseling with a lavish program one year, and the next year the budget may be cut. The employment service is losing face and trust of the school people when a cooperative agreement is terminated. This is the kind of situation that has to be overcome. We can talk about doing the job, but we are at the mercy of a budget.

A related problem of labor market information was then raised from the floor.

Several years ago, Robert Hutchins, director of the Center for the Study of Democratic Institutions at Santa Barbara, studied what the aircraft industry in California would need in vocational training for the next 7 years. Industry representatives told him, "We don't even know what's going to happen in the next 7 months, but you give us adequately trained young people just out of high school who can spell, who can communicate, who can write, who can figure their own income tax from their salaries, and we'll train them to do the specific job that we want them to do." Unfortunately, you know only too well that high school graduates coming out of many schools are not trained to spell or to do many clerical jobs.

Many of the staff people who work in the human resources development (HRD) field have found that before many young people can be placed in occupational training, they have to have basic remedial education. That's a sad commentary on school systems, and it is a problem. The curricula, even in the grade schools, have got to be infiltrated with work concepts and some knowledge of how people make a living.

Both the military and industry have found that they need people who can read and write. It has been proven many times that it's seven times harder to unlearn than it is to learn right the first time.

Along that line, another employment security administrator wondered to what extent the employment service should expect area managers to consider it part of their job responsibility to take a look at what the overall situation is in their area; and then, in their annual plans of service, to include the description of what the current

situation is and what they would hope to accomplish, not only in providing services, but also in helping to build stronger institutions and improving relationships with such institutions.

If client visits were arranged with industry and business by the employment service, they could get to see various kinds of jobs. They might become enamored with some job and begin to think along those lines. Too many are interested in just the postman, the policeman, and other jobs they have seen in action. The employment service can arrange for some planned visitation by school groups to let students see other jobs.

The technical schools are quite popular in most of the major cities. But they are quite expensive and a student has to pass a pretty rigid test before he can get in.

Regarding career development, some of the staff at the Office of Education like to think of a student going through several stages, even possibly beginning in the lower grades. First, they would read about various occupations. Later on would come some visitations. Then, when they were in high school, they might have some chance to do a little work; not acquire skill, but to just see what it is like to work in a plant and to see first hand what people do.

If the State employment service ties in with the economic plans—not for a specific industry—and sees the job opportunities that are within the State or within a region and spends some extra dollars, it can show results and maybe motivate the schools that there would be job opportunities down the road for their graduates.

Hiring school counselors for the summer has been good. Some of the counselors go back to their schools and tell other counselors about the employment service and the variety of job opportunities it handles. I think they are helping to spread the message.

The employment service doesn't communicate enough with the Department of Health, Education, and Welfare (HEW), and a lot of it is our responsibility. Every year, the schools start a new study to find out what the problem is, and they use the annual convention of the American Vocational Association as a means for industry to sell new tools and books and equipment to the vocational educators and superintendents who show up at the meetings. I think we could even open up communications there which would eventually feed back into improving employment service activities, including placements.

Ex-Offenders

A discussant of another institution talked about the offenders in the larger sense from presentence diversion to the graduate on probation or parole. It is unclear where we are going in manpower revenue sharing. Expectations have been created by the Career Opportunities Program and other kinds of activities, so that we've got a big problem in terms of trying to sustain any kind of involvement in this area. I think it is a highly important one sociologically and in every other way.

Research and Development Programs

What happens to all the successful programs that we phased out? The research and development (R&D) programs can be justified 1 year, 2 years, 3 years, and possibly 4 years, but there is no built-in continuation for success on any R&D program.

Why did we get into a program if we don't intend to fund it, if there's not going to be any followthrough? I have never understood this. Someone should insure followthrough of successful projects.

The vocational educators have developed a technique for some exploratory research grants; then, if something promising comes out of the research, they test it further in a demonstration project. Then, if it still looks good, they try it out in several places in a State. Finally, they expect any good aspects of the program to be incorporated in the State's annual plan. This should be done by the employment service. We should test a solution on a small scale in a few places. Then finally, after about 5 years, try to get it incorporated into a State plan on the same footing as everything else in the State plan, without any special funding. The employment service has much experience to build on and does not need to demonstrate further certain aspects of its work before being funded.

There have been some big breakthroughs regarding the handicapped for institutional training. Vocational rehabilitation people at HEW and the employment service have had working arrangements for years. As the years have gone by, we are accepted with greater favor. We have an alliance with the State and county welfare people, whether they like it or not.

What we are really saying is that the employment service has to be all things to all people, and at the same time have shoulders broad enough to

assume the blame for the failures of a lot of operations in the local, State, or national areas where we have little control over the programs. The employment service must cooperate and even take the initiative in community relationships that will enable it to serve all people seeking jobs.

Summary of Symposium

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by
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U.S. Department of Labor
Washington, D.C.

What follows is a summary of the symposium papers and discussions commemorating the 40th anniversary of the signing of the Wagner-Peyser Act and the 40th anniversary of the Federal-State employment service.

It does not purport to be a summary of what each speaker and discussant said. It offers the high spots—of what various individuals had to say on topics which seemed to pervade the talks of most.

Certain remarks by Secretary of Labor Peter J. Brennan are deemed appropriate as a starting-off point.

Secretary Brennan said what we are celebrating today is the creation of an instrument of government designed to reduce those injuries to the individual and to the community from unemployment . . . . We are also celebrating a mechanism designed to end those injuries, not by grasping something new and strange, but by using to the fullest the great flexibility and strength produced by States and central government working together, toward the same end . . . we are also pointing to a system that has worked, and worked with increasing effectiveness. During the 40 year course of the U.S. Employment Service (USES), it has generated 400 million job placements, provided 48 million counseling interviews, offered 38 million aptitude and proficiency tests, and helped countless employers find the right man or woman for a particular job . . . .

This conference is designed not to look *back* at the number of challenges and accomplishments crowded into 40 years. This conference is rather designed to look *forward*, to suggest ways by which the employment service can yet be improved, to make USES as an even more important, reliable, and productive instrument of the national purpose.

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What participants had to say on *The Economy and Employment and Unemployment:*

Charles Holt—In a slack labor market, employers can, without incurring significantly higher costs, discriminate, set unnecessarily high credential and experience standards, and underinvest in training. These actions by employers segment and stratify the labor market and thereby contribute to the unemployment and inflation problems. Workers who are least able to protect themselves in a slack labor market, i.e., blacks, women, youth, unskilled, undereducated, and otherwise disadvantaged, must struggle against these barriers and find that upgrading their employment and wages is slow and difficult. Those workers dissatisfied with their inability to advance, respond with increased turnover and absenteeism and lowered productivity and motivation. The rigidities and inefficiences in the labor market cause significant problems, even for highly skilled industrial workers, technicians, and engineers, when shifts in the pattern of demand occur . . . .

The structural problems in the labor market worsen the inflation-unemployment trade-off. A slack demand policy designed to restrain inflation produces high unemployment. This, in turn, worsens the structural problems. Thus, there is a

tremendous gap between our full-employment inflation objectives and the present performance of our manpower programs and aggregate demand policies. While the Department of Labor can do little directly about the latter, it has prime responsibility for the former.

Nat Goldfinger—Manpower training without decent paying jobs at the end of the training period is merely a meaningless and fustrating deadend. The problem is essentially one of creating enough decent paying jobs in this period of rapid and radical changes in labor force growth and technology, industry and population location, skill requirements and international economic relationships. That means an emphasis on job creation in housing, in mass transit, in rebuilding the urban areas, in meeting the needs of the American people for expanded and improved public facilities and services.

Juanita Kreps—The most pressing economic issue of our day is the dilemma of achieving a balance between inflation and unemployment.

F. Ray Marshall—There are people who have special needs who could be doing useful things through programs designed to utilize their abilities that would still be in the public interest. We can get at unemployment better that way than by trying to pump money through the whole system, through monetary and fiscal policy. We've demonstrated that the costs of reducing unemployment through public employment is a good bit less than is anything else you do. A further advantage is that you get at the problem directly, rather than indirectly. What happens when money is pumped through the whole system is that the incomes of people in tight labor markets are greatly increased and, really, you don't do much about the people in the labor market of heavy unemployment and underemployment.

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What participants had to say on *Economic Policy:*

Charles Holt—The manipulation of monetary and fiscal policy has carried us about as far as we can go in achieving full employment and price stability, and further progress toward these goals will require basic structural improvements in the economy.

Nat Goldfinger—The United States has needed and now needs policies and programs to meet the urban area job needs that have been created by the great migration of the population, during most of past three decades, out of agriculture and the rural areas into the cities, particularly the big cities of the North and West. America has needed and now needs policies and programs to halt the export of Americans jobs and the erosion of the Nation's industrial base, resulting from the deterioration of America's position in international economic relationships.

F. Ray Marshall—Revenue sharing is like the Emergency Employment Act. It may be a one-shot thing. You can't be sure that it is permanent, so how can you plan on it? . . . There is an assumption underlying revenue sharing that is questionable: the assumption that local people know their problems better than anybody else. I'm not sure of that . . . . There is political reality also that has caused the existing structuring of local priorities. If you can assume that groups which need help in getting into the labor market are going to somehow get more power to influence the local situation, then you might be able to make that work. The other problem I foresee is that many of the manpower problems are national in scope, and national problems need to be addressed to the national level. It is true that the program has to be carried out by somebody at the local level, but I am not sure it is the local unit of government which can carry it out most effectively. I don't know what the effect of revenue sharing will be, but I have concerns about it.

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What participants had to say on *Manpower Programs and Policies:*

Charles Holt—Enlarged and improved manpower programs and policies will constitute a necessay complement to governmental policy for dealing with macroeconomic problems. When these problems become more urgent and the needs for manpower programs become more clearly understood, new governmental actions undoubtedly will be initiated with the usual requirement of delivering results yesterday . . . We do not yet know with any precision how large a contribution manpower programs will be able to make to the needed structural changes in the economy, although proposals and impact estimates have been made at The Urban Institute and by other analysts . . . . The additional problems associated with poverty, productive efficiency, and adjustments to changes in the pattern of world trade constitute continuing and new challenges to manpower policy. I conclude that these

urgent national problems will, in the years ahead, present our manpower programs and the employment service in particular with their greatest challenge . . . .

How do our present manpower institutions and the employment service in particular measure up to the objectives of manpower programs? First, legislation has been passed by Congress establishing categorical programs with terribly broad objectives designed to muster the maximum constituency support. Such diffuse objectives make it very difficult for program administrators to design efficiently targeted programs. Second, the programs often are fragmented and limited. Third, as the employment service has painful reason to know, if objectives are changed annually, then the organization is in perpetual startup mode and never can reach full efficiency. Fourth, in the subtle field of human services, all programs that are plausible are not necessarily effective hence, there is an acute need to carefully design programs and then experiment and evaluate on a small scale, rather than to subject the whole organization to a continuous series of costly, uncontrolled experiments. This is rarely done, with the result that programs often are unresponsive to individual needs and are less than fully effective.

Unfortunately, neither political party has a monopoly on these characteristics—they occur under the administrations of both. The War on Poverty rushed many untested programs into the field, but the untested Job Bank program was much the same. In manpower revenue sharing, we are again engaged in a big experiment on the whole system on the untested hypothesis that because Washington doesn't know how to do the manpower job with full efficiency, that the States and locals must. I cite these cases not to criticize, but to characterize how we have been operating and continue to operate manpower programs. I hasten to add that these points apply as well to many governmental programs.

Nat Goldfinger—Depending on the degree to which the regular channels of the economy fail to create enough jobs, it is the obligation of the Federal Government to provide sufficient funds for a large-scale public service employment program—to create the required jobs on performing the public services that are needed in the parks and recreational areas, schools, libraries, health care, and similar public facilities. Under such conditions, manpower training programs, and a needed Federal system of relocation allowances for unemployed workers and their families, could perform their proper role of assisting workers to obtain a place on the job-and-income ladder and to upgrade skills to meet the employers' job requirements.

Louis Levine—We have destroyed the whole apprenticeship system. We're beginning to denigrate the apprenticeship programs by saying that they're too long, too costly, and that they exclude people.

Malcolm Lovell—Let me outline what I believe to be the basic ingredients of a national manpower effort. First, we have the labor exchange function. The second is the vocational training program . . . I think this Nation needs a strong vocational education system for people who are out of school, and professional leadership should not be further fractured by mixing vocational education money with resources for job creation . . . . If unemployed people are interested in getting training and need it to obtain employment, we should, in this rich Nation, have the capacity to provide it.

Thirdly, we are caught in a serious dilemma concerning public service employment and various subsidized work programs . . . . If we are going to use it in an imaginative way to provide either a work test or employment opportunities for those who have indeed no other work opportunity, the wages paid should not be more attractive than those paid on jobs that are already in existence. I do think, however, that the Nation does need the capacity to provide work at perhaps less desirable wages for those for whom no other work is available.

The fourth manpower category is found in the temporary income support programs. Neither the unemployment insurance programs nor our welfare program should have their resources lumped in the allocation process with other manpower funds. Neither should one have to take training just to get income; it brings a lot of people into the training programs that don't want training and won't profit by it. We clearly need a more refined income support program for those that are truly in the labor market and who have done everything they can to find work without success. Rather than allocating all manpower funds under one broad formula, we need to recognize the disparate nature of our major manpower components as we move to strengthen local authority.

F. Ray Marshall—If we cannot provide sufficient job opportunities in the private sector, we ought to have public employment programs de-

signed to deal with the needs of particular groups, especially young people and the aged. Operation Mainstream type programs seem to me to be a good example of an effective way to design public jobs to fit the needs of people in rural areas, but there is no reason such programs should be restricted to rural areas . . . . The most effective training programs contain both on-the-job training and related instructions along the lines long established in apprenticeship training. You can train workers more flexibly if you teach them something about the theory of the job as well as how to do the manual skill components of the job. Finally, some of the people in these special groups are not going to benefit from any of these programs, and therefore we need adequate income maintenance, health, and welfare programs for them . . . .

In manpower, I think the thing that would be popular with the local units of government is the kind of subsidized jobs authorized by the Emergency Employment Act. What I am worried about is whether these job slots would be filled by the kind of people who need the help the most—for example, it is the older folks I was concerned about, and others who find it difficult to get back into the competitive labor market.

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What participants had to say on *Knowledge of the Functioning of Labor Markets*:

Robert Hall—It is the lack of knowledge, as well as the lack of resources, that holds the employment service back from making labor markets perform satisfactorily . . . . An important source of the difficulties in American labor markets is an inappropriate mix of jobs available—too few good jobs and too many bad jobs. This situation is sustained by the self-interest of the holders of good jobs. In this kind of economy, the employment service has listings almost exclusively of bad jobs, but workers are really looking for good jobs. No one is happy with the role of the service in this kind of economy, and in fact, it is not accomplishing very much. If the market were more in balance, the service would be more useful, listing more of the jobs sought by the unemployed. This suggests a strong complementarity between programs for breaking down barriers in the labor market and developing more good jobs, on the one hand, and the activities of the employment service on the other.

Nat Goldfinger—A key factor concerning the job market has been a lack of sufficient job creation, particularly of the better paying, long-term jobs with opportunities for upgrading.

Daniel Kruger—There is need to define the term "labor market." The labor market is the mechanism for allocating human resources within a prescribed geographical area. There is need for information on how that labor market operates. One type of information relates to the supply of workers who are selling their labor services; a second type of information on the demand for labor services. Still another type of labor market information is the interaction between supply and demand factors. This is reflected in the levels of employment and unemployment, as well as in information on wages. There is need to examine the total array of forces affecting the operation of the labor market, such as technology, economic forces, social forces, and legislation. In addition, there is need for information on the transactions which occur in the labor market, i.e., the kinds of labor services purchased and the rates at which these services are purchased . . . . The kinds of jobs available reflect the dynamics of the labor market . . . .

Both buyers and sellers of labor services need information. The employers need certain types of information such as wage data, supply of labor by types or quality of labor, turnover, job market behavior of specific groups. The sellers of labor services, likewise, need certain types of information: where the jobs are, the types of jobs available, wages and fringe benefits, and other pertinent matters on which they can base an intelligent decision in selling their labor services . . . .

Another dimension of labor market information is evaluation of its quality. We cannot be satisfied with what we have been doing. We always must subject ourselves to three critical questions: (1) How good is the labor market information? (2) what other types of labor market information are needed? (3) how timely is the information?—timely in terms of the dramatic changes that are occurring in the labor market. The labor market operates in a system of change unparalleled in our Nation's history and therefore we need more timely information. The buyers and sellers of labor services need more and better information on which to base intelligent decisions.

R. Thayne Robson—Labor markets in my judgment do not operate well now because of the complexity of the problem. How much of it can

the employment service solve? Can the employment service deal with the institutional barriers, of unionism, discrimination, the kinds of problems that are a function of job control on the part of people who control individuals who move into the labor market? . . . We need a lot of research in this country to try and find out what we really do mean when we try to define what workers are in the market, or what jobs are in the market . . . . I'm inclined to think that the single most important thing for improving the operation of American labor markets is still the informational problem.

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What participants had to say on *Problems for the Employment Service*:

Nat Goldfinger—The major problems as I see them at this time are not within the employment service. The major immediate problems and obstacles are elsewhere. They are in the administration's economic and social policies. In addition, there is a problem among academic/foundation types about the identity, mission, and objectives of the employment service.

F. Ray Marshall—The employment service has a very poor image among minority groups and disadvantaged people. This is going to be extremely hard to overcome . . . . It is very difficult to find minority group representatives who will say much positively about the employment service. Realistically, however, it is important to recognize that contrary to this general image, the employment service did not create all the problems that minorities and other disadvantaged people face, although it might not have done all that it could have to eliminate discrimination, especially within its own ranks . . . .

The entire employment service staff must be trained to meet the needs of people. You can't have a specialist for minorities, a specialist for handicapped, etc. The employment service ought to be able to deal with everybody. I want to mention the national policy of setting annual placement goals. This has created a tendency to ignore people with problems in order to meet the goals, because if you don't the agency is likely to have fewer resources next year. National policy and resources are really major factors affecting the employment service today.

David Kruger—We have many new programs tied to information that result in directives going out from the Federal agencies, not so much the Labor Department or the Manpower Administration, but others, that say all you need to do is be in contact with the State employment service and they can provide you with an answer to whatever data need you have. The local counterparts of these agencies come to the employment service. The employment service doesn't always have the answer to these particular needs, and we then get into a problem of relationships and of the prestige and the whole responsibility of the employment service. It suffers because of these excessive demands via the local route.

. . . Most people who get new jobs are already employed. They don't need the information or other help of the employment service. They move from one job to another without ever being unemployed. The clientele of the employment service is mostly unemployed people. We need to measure what we're doing for unemployed people, not in terms of penetration of the entire labor market.

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What participants had to say on *Unemployment and Inflation*:

Charles Holt—A post-Keynesian economic policy is needed that will introduce structural changes on a sufficiently large scale to raise the full employment ceiling so that the unemployment can be lowered by increasing demand without generating excessive inflationary pressure . . . . Improvements in the functioning of the labor market are essential if unemployment is to be significantly reduced, without triggering higher inflation . . . .

Labor turnover, job search time, market barriers, and imbalance in the labor market all operate to prevent unemployment from reaching an acceptable rate, unless the level of demand and job vacancies is raised so high that inflation results. Structural problems in the labor market prevent unemployed workers from finding jobs quickly enough or keeping them long enough, except when demand is raised to inflationary levels . . . .

Governmental efforts to reduce unemployment just by stimulating demand to increase the number of jobs will not succeed for long because the resulting inflation will force a reversal of policy. However, if this increase in jobs is accompanied by effective manpower measures that reduce job search time and reduce labor turnover rates, then the resulting reduction in unem-

ployment would fill the new jobs without causing inflation.

Robert Hall—There is general agreement that there are substantial problems in labor markets revealing themselves as levels of unemployment that cannot be reduced to satisfactory levels by aggregate expansion, at least for very long. Few economists today are optimistic about the prospect of achieving an acceptable combination of inflation and unemployment through management of aggregate demand alone. The United States is by no means alone in this regard—most countries in Europe are struggling with inflation even worse than ours. Since these countries spend a larger fraction of their incomes on manpower services, we should not take it for granted that expansion of the employment service and manpower programs alone would necessarily achieve an economy of low inflation and low unemployment . . . .

We aren't even sure that an elaborate, successful matching system would reduce unemployment at all. Making it easier for workers to find new jobs and for employers to find new workers may stimulate turnover, which may actually increase unemployment . . . .

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What participants had to say about the *Role of the Employment Service*:

Charles Holt—If the employment service could escape for a while from being whipsawed by changing objectives and priorities, it could undoubtedly make significant improvements through better organization and administration. However, I would argue that the problems go much deeper than that. The role of the employment service is terribly difficult. For example, how do you counsel a young person on the occupation that would, over the next 30 years, give him the greatest total of earnings and satisfaction? In an area that has received much more study, i.e., helping an employer to predict the prospective productivity of a worker, industrial psychologists are able to explain only about one-third of the variability (variance) between workers. The employment service can develop some useful information, but it can't be genuinely helpful, unless it can interpret the action implications of that knowledge for the individual worker and employer. This limitation on performance can be traced, in part, to the fact that industrial engineers and psychologists still don't know much about the dimensions of workers and jobs that interact to determine productivity, satisfaction, and turnover, and economists still can't explain exactly how labor markets which constitute our most important and complex market system operate. In short, we don't yet know how to do the job that needs doing in order to meet our manpower objectives . . . .

No panaceas can be proposed for achieving the needed structural changes in the labor market. The employment service has not yet been assigned the responsibility for trying to help all workers, employers, community organizations, and governments concerned with manpower issues to work together in achieving an efficient and just labor market. I am not sure that the employment service is ready to assume that responsibility, and certainly, there is much more required than just the financial resources to do so. But, I urge the employment service and the Department of Labor to prepare for the challenge and work toward a capability to help reduce both unemployment and inflation, while continuing to pursue its present antipoverty efforts

Nat Goldfinger—As we in the labor movement look at it, the employment service can and should be a key part of an effective national manpower policy and program . . . . The crucial trouble, at present, is not only the poor percentage of listings of job openings, the lower end of the job market that is persistently serviced by this agency, but also the failure to maintain high quality performance standards from one community to another and from one State to another. It is not even the persistent overall failure of the employment service to fulfill its mission. The current major problem, as I see it, is a reversal from even the unsatisfactory small and halting forward steps towards fulfilling the employment service's mission that the service took, on occasion, during the past decade. The trouble at present (and it is a serious and growing problem) is underfunding, the impoundment of appropriated funds and, particularly, the so-called revenue sharing policies of the administration, which are undermining manpower programs and threatening to downgrade the employment service . . . .

If the employment service, through much improved operations, were to reduce the average duration of unemployment by only 1 week, it would perform a useful service to workers and their families, to employers, and to the community at large. Within such a context, a properly functioning employment service can and should be a key factor in the Nation's labor market. To

the extent that such an employment service within an economic environment of rapidly growing job opportunities, may occasionally play a small part in reducing inflationary pressures, that would be fine. But the key requirements are a full employment economic environment, with sufficient decent paying jobs and a nationwide employment service that provides adequate assistance to workers and employers in the functioning of the labor market . . . .

A Federal, nationwide employment service is essential. It is essential for workers and for employers. It is essential for social policy and economic policy in the world of the 1970's . . . .

It is now 40 years since the employment service was established. But we do not yet have the nationwide service, with strong Federal direction and performance standards, that we need. There have been altogether too many failures of omission and commission, over the years, stemming from within the employment service, that have prevented the agency from becoming what it should have been and what is needed. But there have also been more serious failures of omission and commission, during many of the years in the past couple of decades, in terms of the Federal Government's basic economic policies, and, at present, these failures and setbacks in terms of Federal Government policies are far more serious, since they represent a reversal, rather than further progress.

Louis Levine—I am intrigued as to what the employment service can really do about the economy. I'm always confused about the statement—because I've heard it a thousand times—that the employment service creates jobs. I find that very hard to believe. My own experience is that the employment service even has difficulty in finding jobs that exist, without creating jobs . . . .

I think we ought to focus more, not on establishing the role of the employment service in creating jobs, but on the responsibility of the Federal establishment to face up to the needs of its constituency of 200-and-some-odd million Americans in this Nation—needs for adequate transportation, housing, and for programs that are going to create jobs. I don't think the employment service will then have to worry about finding people for those jobs. People will find those jobs once there's a full employment economy.

William Kolberg—The employment service has a lot of goals and objectives but there is one single thing that's overriding, that controls everything else we do. We have a single output. We want to receive job orders, we want to receive applicants, and we want to place those applicants in those jobs . . . .

Essential to an effective employment exchange is the full understanding, cooperation, and support of the employer community. We therefore intend to proceed with the implementation of those portions of the so-called Vickery report which pertain to strengthening the employment exchange functions of the employment service. We plan to establish, in each of the six major cities where the Employers' Committee did its field work, a team of area, State, regional, and national office personnel with consultative assistance from the committee . . . .

I want to comment on the employment service role as we move into manpower revenue sharing. There is an ideological debate that many of us have engaged in for a very long time . . . . It has always revolved around the word "presumptive" sponsor. As for the rules and regulations that we'll be publishing soon (rules and regulations on manpower revenue sharing), there will be no presumptive role for any agency. That includes the employment service, the vocational education agency, the Opportunities Industrialization Centers, and the many other public and voluntary agencies that are involved in the manpower programs.

We think that's consistent with revenue sharing because the essence of revenue sharing is saying to the chief elected officials at the State and local level: "You're the responsible one; it's up to you to make this thing go. It's up to you to plan your program. It's up to you to operate a good program."

If the Federal Government comes in and dictates to the agencies on that local level—dictates the use of funds and programs—we can rightfully be accused of not even understanding what our principles are.

In most cases, if the employment service has been involved in manpower programs in a responsible and effective way, I believe that the local prime sponsors will continue to want to use the employment service.

In our review of the local prime sponsor's plans and in our work with him, we are going to be very careful to try to understand why in some cases the employment service will not be used. Both at the Federal and State levels, it will be necessary to pay close attention to what elected officials are going to be saying about the services we have

been providing now for some years . . . .

During the next several months, we will be developing cost standards—something which has never been done. In that way, we can say how much certain employment service services will cost prime sponsors wishing to purchase employment service assistance . . . .

The game from here on out is to establish a single overriding and preeminent goal in the employment service. That is going to increase our productivity; it's certainly going to increase our own understanding of what we're up to. It's going to increase the eminence of this agency . . . .

As long as I'm in this job, you are not going to hear any words from me about federalizing the employment service. I hope we're all done, at least for a time, with that kind of rhetoric.

Juanita Kreps—The employment service has ended up as the man in the middle—criticized by employers for failing to recruit the best qualified to fill job openings and by workers for screening out those with employment handicaps or lesser skills or by creaming off the top, and, of course, by college professors for everything under the sun.

Because each of the 50 States has a State employment service and because there are 2,400 local offices, the employment service has tended to become the official dumping ground for most of the dirty work associated with manpower programs in this country . . . . The employment service has been projected into the middle of the most complex and loaded issue of the domestic political scene—the issue of welfare reform. In WIN I, and even more in WIN II, the employment service is required to posture itself on the cutting edge of the work ethic versus the welfare ethic . . . .

The question is, how well is the employment service equipped to meet any or all of the needs it is called upon to meet? In its present form, obviously, not very well. Yet . . . we must face the reality that there is no other institution or machinery now in place that can perform the functions any more effectively . . . .

We are aware, of course, that today's events are a milestone for the U.S. Employment Service, marking 40 years of work in an era that's discovered more manpower questions than were ever anticipated at the time of the passage of the Wagner-Peyser Act. But it is, of course, what lies ahead of us that is challenging and exciting. Clearly in the case of the employment service, what is past is prologue . . . . Regardless of one's view of how effective the employment service has been in the past, I would leave you with a sense of urgency about picking up the pace of the changes that are so obviously needed . . . .

The macro music being written for the 1970's is strident, energetic, and quite demanding. Unless the employment service can play in tune, and at the right tempo we cannot hope for a medley.

Malcolm Lovell—Many people assume that if the employment service were to develop into a comprehensive manpower agency, it could play a very major role in eliminating poverty, eliminating discrimination, reducing unemployment by reducing the length of time that people are unemployed, and so on. I would like to take issue with that because there is no substantial evidence that the techniques and the tools the employment service has been using, other than the labor exchange functions, have played a very major role in changing the economic lives of the people we have tried to help . . . .

The direction the employment service is taking today is wise. It is increasing placements of people who are out of work—and most unemployed are somewhat disadvantaged. The fact is, however, that more minorities *are* being placed, more disadvantaged people *are* being placed, and we are doing this by stressing the function we know best—making placements.

Arnold Weber—It's clear that the mission and range of functions of the employment security system have been permanently expanded. You'll never go back to the good old days—or the bad old days—however you conceive of them. In addition, there's been a reassertion of the quasi-monopoly power of the employment security agencies because of the de facto demise of the community action agencies (CAA). The CAA's generally failed as effective manpower agencies, and the employment security system was there to pick up the pieces because it has a fixed and continued commitment to the manpower area. At the same time, there has been a return to the concepts of localism and decentralization, not for functional reasons, but based on the ideological notion that it's important to move resources and power out of Washington to the grassroots where the problems exist.

Stanley Ruttenberg—I hope I'm wrong but I believe that the employment is moving back into a shell, failing to accept the challenge that is before it, and in effect abandoning the concept of the comprehensive manpower program . . . .

I would have hoped at this point in time, the 40th anniversary of the Wagner-Peyser Act, that

we could have dedicated ourselves to seeing how the employment service could be made into a comprehensive manpower agency.

F. Ray Marshall—We have assigned the employment service roles that it is not well suited to carry out. For example, the employment service is not a very good policing agency, so that when we assign it functions like policing migrant housing requirements, it is not likely to be very effective, because the service really does not have much power over employers. A promotional agency like the employment service is trying to get employers to use its facilities, but its main penalty is to deny violators the use of its facilities. The employment service effectiveness also has apparently been impaired by assigning it incompatible tasks . . . .

It was a good idea to transform the Farm Labor Service into the Rural Manpower Service (RMS). I hope the role of the RMS can be maintained and even expanded, because rural people tend to be invisible and unorganized and are therefore unable to get their fair share of social services . . . .

The employment service really has very little power either to eradicate discrimination or to carry out police functions. The employment service should concentrate on placement, counseling, and job development and leave enforcement up to somebody else and maybe even leave the outreach function up to somebody else . . . .

Dealing with the disadvantaged should not be considered as such an overpowering problem that equal service cannot be continued for the normal applicants. Some of the technical people in the employment service thought that the class of people called the "disadvantaged," which really is not a good term, need more help. I think it is time that the national office took a strong position that we can do both and should do both . . . .

The major function of the employment service will be to put people into jobs. This is the kind of thing it can do best. The employment service has not set a single goal for total placements. It has broken that goal down into a given number of minorities, of veterans and disabled veterans, and of disadvantaged whom we plan to place in jobs. It is largely going to place people in those categories who are job ready. Those who need training and other assistance before they can work will probably have to get these services from the mayor's manpower revenue sharing program because they are going to get the money to do it. They will do the job preparation and let the employment service do the placement. In other words, it is a division of work based on specialization, a practice followed by industry for many decades. The employment service is going to concentrate on placement—but placement of all groups, not just the people who are easily placed, and it is attempting to develop a standards program which will represent a proper mix of various applicant groups and various kinds of placements.

Daniel Kruger—The employment service works with the kinds of jobs that are out in the labor market. It does not create jobs. It obtains job orders from employers . . . .

The mission of the employment service is to facilitate the employment process to the end objective that the human resources of the Nation are used effectively and efficiently. If that is the mission, then we have to identify the kinds of data needed, devise methods of collecting and analyzing these data, and develop appropriate ways of disseminating them . . . .

We've been placing too much importance on national level data, and on placements as the only indicator of performance. We think of the employment service as an agency whose mission is to help people get jobs whether through placements or other factors. We need to think about how we can better measure the services the employment service provides on a nonplacement basis for helping people get jobs or helping them make appropriate vocational choices . . . .

In making a placement, if you do some good counseling and if you use good labor market or job market information, this in itself may raise the placement rate.

R. Thayne Robson—The most important thing is service to people—to individuals who need help. But it does not make a bit of difference to the functioning and performance of the American economy whether the placements are 3.2 million or 6 million. The fact, by itself, doesn't really tell me anything about the efficiency with which the labor markets function . . . . There's no substitute for the employment service in our society, and it's got to be supported and sustained and expanded. However, whether it is making a major contribution to the unemployment-inflation trade-off still remains to be proved.

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What participants had to say about *Suggestions for the Employment Service:*

Charles Holt—There are six basic ways the employment service, and other manpower programs, can proceed in the future:

(a) Clear, ultimate, and interim objectives need to be established, and plans laid in terms of resources and performance measures.

(b) A long-term organizational process needs to be planned for generating the knowledge, testing, and introducing it into operations. This will involve a long-term plan for a costly program of research and experimentation. Both in-house and outside research and experimentation would be needed to generate the necessary knowledge—and test it. Then pilot programs and evaluations would be needed, finally followed by full-scale operating implementation. In view of the scarcity of research talent in these fields, it is clear that a federalized effort is needed.

(c) The organization and its staff selection would need to be specifically designed to generate and accept innovations. This means high-quality personnel in a fluid structure that stresses communication and receptivity to change. The operating organizations would need to include research personnel to enable operating problems to be formulated for research and attention and to help apply research findings to operations. Resource allocations would need to be geared to performance measures so that there would be incentives to use program evaluations for improving performance.

(d) An extensive training and retraining program would be needed to make effective use of the new knowledge and the experience of present personnel.

(e) So much work needs to be done that the best efforts of private, as well as public organizations, will be needed, and the employment service should be restructured to utilize private cooperation, wherever it is effective to do so. However, the Federal Government needs to take responsibility for attaining the functional integration of the nationwide system of State and local components.

(f) Time would undoubtedly be saved by the federalization of the employment service, although a long and painful political struggle might not be worth the cost. Federalization of the employment service is not inconsistent with, and might even facilitate, decentralization of training and other manpower programs, at the State and local levels. A tight communications system, through the employment service, could speed the dissemination of centrally generated technical know-how and report back on local performance in order to attain a good mix of Federal and local participation.

Nat Goldfinger—The need is for strong and effective Federal direction of the employment service and manpower programs—strong, effective, and specific Federal direction and Federal performance standards. We are dealing with a national labor market and with national economic and social problems that extend beyond the boundary lines of cities, counties, or States.

Measures to deal with such a labor market and such problems cannot and will not be adequately and effectively handled by the destruction of Federal direction and Federal performance standards, by dismantling national programs, by throwing these national issues to the States and local governments through the administration's device of underfunded, so-called revenue sharing. Nor can such national issues and problems be handled by subsidizing individual employers or by undercutting the employment service through formalized, cooperative arrangements with private employment agencies . . . .

William Kolberg—There should be improved management of the employment service at all levels. Overhead can be consolidated and reduced by redistributing staff. Staff should be where the output is. A substantial majority—75 to 80 percent— of the employment service staff should be the frontline troops. Emphasis must be put where the output is going to occur.

Arnold Weber—There is a need to maintain a commitment to the disadvantaged. With the emphasis on the Vietnam veteran and on placements and "hard" output, there's a significant danger that there will be a retreat from the concept that there are groups that are disadvantaged in the labor market that require special services. The worst thing the employment service can do is play the role of the dog in the manger, whereby it preempts the delivery of manpower but retreats to a simple operational concept of placement where success or failure is measured in terms of those numbers that have been found so invidious in recent years. It's extremely important to maintain a national commitment on the part of the Manpower Administration and the component units of the State and local level. It's anomalous that the Manpower Administration is presently "going local" at the same time that any observer of the labor market would confirm that the problems are becoming more national in scope. Local labor markets are not islands unto themselves, but part of a greater continent, and to deal effectively with the problem of youth unemployment and the un-

employment of middle-aged people 30 years from now will require a national committment. It's that trade-off between local problems and a commitment to those issues which transcend the locality that will have to be dealt with effectively . . . .

It will be necessary to develop effective linkages between the employment security system and other major manpower institutions. The public employment service will never have all the pie—and it never should. Most training, most jobs, will be provided by the private sector. A large amount of training will be done by the school system. Constructive steps have to be taken to establish linkages with other major manpower institutions and with local officials who will be given discretion over great resources . . .

The most important demand on the employment security system is to develop the capacity to say "no." Because of the desire to expand its importance and claim on resources, the system hasn't said "no" frequently enough. Rightly or wrongly, people in the Congress came away with the belief that the employment service could solve juvenile delinquency, drug addiction, criminal recidivism, and itchy scalp. All these problems cannot be solved through "manpower programs." The heaviest charge in the years ahead is the capacity to distinguish what the employment service can do best relative to other institutions and to say "no" when it can't do the job. If the employment services takes this point of view, conception will be the result of planning rather than random romance.

Stanley Ruttenberg—There should be a rededication of the concept the employment service has been trying to establish over the last 10 to 12 years, namely, that it should become the comprehensive manpower agency at the State and local levels. I don't see that happening under local autonomy. The local officials, being free to make their decisions where they will purchase the comprehensive manpower functions will not go to the employment service in my judgment . . . .

What is needed now is a new law. That means deciding how to amend or rewrite a law which is now 40 years old—a law that has not been amended basically since it was passed in 1933, except as a regulation change that flowed from the Social Security Act.

In 40 years, much has happened. The law needs to be rethought—to be thought through again and again. It's necessary to be thinking about how the employment service can meet the functions and the demands and needs of the decade of the 1970's and 1980's; how the employment service can become the comprehensive manpower agency that links itself clearly with the local community—with the other deliverers of services and related activities that make manpower a key to the community. In thinking what a new law should be, manpower people should be thinking about a manpower agency and not just an employment service—a service being the deliverer of all manpower services linked with the rest of the community for related services.

I concur that the rhetoric of federalization is unnecessary. But I do say that we need to establish a very strong Federal involvement, Federal direction, Federal participation in the local community's decision to carry out the activities in the manpower field. It is not feasible just to turn over manpower revenue sharing money to the local community without there being a continued implicit Federal involvement . . . .

I would like to have seen this celebration of the 40th anniversary of the employment service as a dedication to the concept of a Federal strengthening of the Federal position without involving federalization. It still goes to the concept of letting the local community decide on the allocation and distribution of its funds but doing it by following very careful national goals and objectives that are set out in advance.

It's time to be talking in the employment service about separating the funding of the employment service from the unemployment insurance (UI) trust accounts. It's time to be talking about supporting the employment service through general revenue and not through an employer payroll tax as in the main, it is now supported. There have been certain recent alterations, and that is to the good, but these are not far enough. We need to revise the Wagner-Peyser Act, to develop the kind of linkages that can be gotten only through an establishment of manpower planning councils. We must get at the local community to be able to create something that is effective rather than ineffective, as the Cooperative Area Manpower Planning System (CAMPS) program has been. I think, as the manpower planning councils are developing today—as they're being recreated—that you must have some authority to pull together at that local community the resources from the various agencies that are involved in the comprehensive manpower program.

I would like to see a revitalized and refreshed employment service be that local manpower comprehensive agency. We need, under Federal involvement and Federal direction, to be able to establish priorities in terms of goals and objectives that the local community will follow. I don't think we can simply turn over all authority to the local community itself . . . .

In order to develop the employment service into a comprehensive manpower agency, we ought to have a more frontal approach to the problem, more direct and through new legislation.

R. Thayne Robson—The employment service leaves a lot to be desired, but I don't think anybody's found a good substitute for it. Some specific kinds of recommendations which would improve the operational performance of the employment service include upgrading the staff, improved training, clarification of the directives given from Washington.

F. Foltman—There should be more emphasis on types of employment and manpower activities which have a multiple developmental type of purpose, rather than just providing the job. I don't think that the indigenous planners in rural areas are going to do this because they haven't thought about it. I don't think they're familiar with the variety of jobs and skills and potential for manpower planning, and somehow or other, I think, we've got to get that kind of expertise into rural areas or we'll see the same thing happen as under the Emergency Employment Act.

* * *

What participants had to say about the *Functions of the Employment Service:*

Charles Holt—There is a great potential for improvement in the employment service function of bringing together workers, employers, and employment-related services. The Federal-State employment service should be restructured so that each office will assign some staff counselors and interviewers specifically to serve the needs of workers, and some similarly committed to employers. To help motivate and guide the employment service staff in making the matches that will best reduce inflation and unemployment, while giving special consideration to workers and employers with problems, the use of incentive formulas that are suggested by labor market theory is proposed. In particular, quality of placement, measured in terms of job tenure, should be stressed to reduce turnover.

To improve the functioning of private employment agencies, it is necessary that fee-splitting standards, etc., be established so that the public and private agencies can cooperate in achieving a flexible nationwide placement system.

Since some of the employment service functions are amenable to automation, and others are not, the necessity exists for development and installation of a nationwide, computerized, man-machine system which would incorporate behavioral relationships to help predict, for human followup, which of the astronomical number of possible matches holds the greatest promise of being both satisfying for the worker and productive for the employer. The critical problems of designing a computerized system for matching workers and jobs are not technical computer problems—rather, they are the manpower problems of selecting the relevant information about workers and jobs, and weighing that information in the decision process.

To improve substantially the quality of the employment service, it is necessary to upgrade and expand the staff and to establish salary levels to attract and retain well qualified professionals.

It is necessary for the Federal Government to take the lead in organizing, funding, and coordinating the Nation's public-private employment service system, roughly tripling its present capacity.

Robert Hall—What is the point of recommending an expansion of the employment service in the kind of economy that we have today where the only kinds of jobs that are listed with the employment service, apart from those that are compelled to be listed, are what are characterized as bad jobs. It is necessary to classify the jobs in the economy on the basis of whether the employment service would be useful in today's economy in filling these kinds of jobs or whether they fill themselves. One implication of this kind of theory is that good jobs fill themselves . . . .

About one-third of the jobs in the economy are in markets where the employment service is likely to be useful and in fact is very active right now. This includes jobs like institutions, small enterprises, farms, domestic work, odd jobs, service and repair work. That adds up to about 35 percent of all jobs. The rest of the economy offers good jobs and jobs that fill themselves and where currently the employment service does not receive

very many listings and does not have a very important role in filling jobs. That is two-thirds of the labor force, or two-thirds of the jobs. The whole proposal is essentially to triple the employment service to cover the whole economy rather than just the third it's covering right now. That suggests that the employment service, without transforming the nature of the economy, could provide a useful service in the 65 percent of the labor force where not much service could be offered.

Therefore, it's the complementarity between placement services and job development, opening up good jobs, that seems important. The expansion of the employment service is not particularly desirable, since it's a rather expensive operation. It's not quite fair to say that problems can't be solved but let's solve one problem by tripling the employment service. That misses the point that tripling the employment service would be useful only if a lot more jobs were given it to fill.

William Kolberg—Higher quality and efficient placement service is the primary and continuing goal of the employment service now and in the foreseeable future . . . .

When emphasizing placements, it is easy to say the rest of the functions are being ignored, such as not caring about assessment (counseling and in-take and testing) and labor market information. We certainly do care about these functions. We care very much. You can't make placements without those supportive services. We are going to do that, too. But we must look again at how we are organized to do this job and keep our eye on the ball. And the ball is what the statistic is—on how many people have ended up in employment. Because that's the name of our institution—the employment service . . . . We are going to be very, very careful that the performance of the employment service, as we move toward a placement emphasis, does not lag in placing the disadvantaged and the poor.

Arnold Weber—It will be necessary to sustain and extend the range of innovation. There's a lot of second guessing now on new techniques like the Job Bank. Nonetheless, it would be foolhardy to curtail innovation because it doesn't show magical results immediately . . . . A capacity and willingness for innovation must be sustained.

Stanley Ruttenberg—I hope that an improved and rededicated employment service will become a central comprehensive manpower agency. It is certainly conceivable that, by concentrating emphasis upon placement and hoping that locally elected officials will choose to go to the employment service for not only placement but other manpower services that the employment service will back into the broader function . . . . Because the mayor or the local elected official is really going to have no other place to go, it is conceivable that the employment service, while concentrating on placement, may really back into a much broader function as the central manpower agency.

It is more likely, however, that the employment service will not gain the strength on its own to fulfill the manpower functions of a local community. Instead, competing forces will take over. It is possible that even the placement function will be lost to the employment service unless the employment service is basically revitalized through new thinking, through developing, and hopefully, enacting through the Congress a modernized, revised Wagner-Peyser Act.

F. Ray Marshall—On the question of manpower revenue sharing, the employment service is not the presumptive deliverer of manpower services. After 40 years, the employment service still has to go out and prove that it has the greatest capability in terms of any manpower service.

Laurence Vickery—The basic function of the employment service is to fill a job opening with a referred applicant . . . .

In place of the current employment service structure, a comprehensive manpower agency should be established with the overall responsibility to provide services to employers and applicants who want and need help. The manpower agency should be organized to provide for three distinctly separate services. First, a job placement service for applicants who are occupationally qualified and job ready. Second, an unemployment insurance service for those qualifying for unemployment insurance. Third, a distinctly separate applicant's service which would counsel and test applicants who are not qualified and/or not job ready, and then go about the business of getting them job ready, whatever that takes. Three separate services: job placement, unemployment insurance, and applicant training.

Daniel Kruger—The employment service provides a number of functions, one of which is improving the quality of labor market and occupational information . . . . The employment service is an instrument for social intervention. It seeks to make a difference for the applicants who come into the local offices, the employers who provide

referrals, and the large numbers of users of labor market and occupational information . . . .

Labor market and occupational information takes on an added dimension because there will never be enough resources to operate an effective employment service and to provide manpower services to all in need. Therefore, by supplying relevant information on the labor market and on jobs, hopefully the worker, the student in school, the student at the university will be able to make intelligent decisions affecting their vocational choices. This is why labor market information and occupational information is so important, namely, to help the citizen make the right choice as it relates to vocational choices.

* * *

What participants had to say about *Youth:*

Charles Holt—Certain groups, including youth, blacks, women, and the disadvantaged, suffer relatively high unemployment rates. Reducing the unemployment problems of youth contributes to solving the labor market problems of the other groups, and getting off to good vocational starts can produce lifetime benefits. For teenagers and particularly blacks, more emphasis needs to be placed on preparation for jobs that will last and be worth keeping, and less on simply producing short-term placements. Their high unemployment is largely due to high turnover rates, not to prolonged job search.

I am for existing vocational education and manpower programs serving youth to be redirected toward preparation for employment that will be more stable as measured by reduced turnover rates.

High school programs for students, even in vocational schools, are weak in vocational counseling. There is less than one counselor per school, and counselors frequently lack suitable training. I am for more cooperation between schools and the employment service, doubling the number of counselors and improving their training.

To improve the transition from school to work, I am for school work-study programs that begin for younger students, and I am for the subsidization of employers so that they can afford to offer students valid work experience.

* * *

What participants had to say on *Skills:*

Charles Holt—When the occupational composition of the work force does not match the distribution of skill requirements, wages go up in the shortage occupations, and those increases spread through the economy. Therefore, I urge recruitment of labor from less tight occupations, along with necessary job training to fill the critical skill shortages. To do this, I am for a data gathering and analysis effort to anticipate, or at least quickly identify, the occupations that are in short supply. To respond to these scarcities, I am for a major expansion of training that is closely tied to anticipated need for skilled workers.

Many skilled worker shortages can be avoided by restructuring jobs so that they can be filled by available workers. I urge that the employment service add industrial engineers and psychologists to assist employers in solving their skilled worker problems.

Many skilled women workers, or women capable of readily learning skills, are unable to work because of the lack of adequate child-care facilities. I am for subsidizing day-care centers to enable these mothers to help ease the skilled shortages.

* * *

What participants had to say on *Mobility:*

Charles Holt—The large distances between job markets cause able workers and good jobs to go begging simultaneously. Self-adjustments of the market are inhibited. The travel hurdle poses particular problems to the poor and disadvantaged. I urge a new mobility assistance program for regional labor shortages and the disadvantaged.

To implement this program, I urge an employment service that will function nationally to help workers move and supply financial assistance to aid their moves.

F. Foltman—Beginning with the Manpower Development and Training Act and continuing forward into 1970, the employment service has opted primarily for a "people development" viewpoint. It has opted primarily for a counseling, training, retraining, consultative orientation to its policy. It has done a little bit of relocating here and there. Manpower programs have provided for some mobility and have obviously improved the employment service. But in terms of job development or job creation, the record is meager.

* * *

What participants had to say on *Institutional Barriers to Employment:*

F. Ray Marshall—Apropos to programs dealing with disadvantaged groups as well as services

rendered to them, too often such services are thought up by somebody else, imposed on people without any participation by them at all . . . .

We are unlikely to have effective public policies unless client groups have some way to influence the services supposedly designed to help them. I do not know how this is accomplished, but it is an important thing to try . . . .

Special client groups need some kind of preemployment counseling and preemployment training. It is very important to specify the nature of that training, because too often preemployment training is confused with skill training and therefore give the concept of skill training less support than it might otherwise have had . . . .

Preemployment training is important and ought to be an integral part of overall manpower policy, but it should not be confused with job training. Most of these special groups also need some effective way to eliminate labor market discrimination against them for factors unrealted to productivity . . . .

. . . There is little doubt that the employment service has improved its hiring of minorities, has become more responsive to the interests of disadvantaged groups, and devotes more of its time and resources to the disadvantaged, relatively, than the proportion of disadvantaged applicants; and the number of minority employees has been going up. Nevertheless, the employment service still perpetuates the basic employment patterns in the system . . . . If you look at the numbers you can conclude that the employment service is already responding to the placement of people in low wage jobs, where the most placements are, but can it do more to increase the placements of minorities and other groups in better jobs and high wage jobs? . . .

One of the reasons why employers discriminate, besides racism, is that they are afraid that it's going to be risky for them to go into a black labor pool or a Chicano labor pool, or what have you, and hire somebody . . . .

It is true that the employment service has been unable to deal with the disadvantaged by providing normal employment service activities. The result is that normal employment activities in the employment service have suffered. The fault lies with the philosophy of the national, State, and local offices' staff. In other words, two different types of clients are being dealt with in the employment service—the disadvantaged and others.

Charles Holt—It is clear that seeking to bring about institutional changes in the labor market has the potentiality to improve information flows between employer and worker, decrease barriers, speed the movement of workers geographically, and train for skill shortages . . . .

Institutional barriers in the labor market based on discrimination, licensing, union membership, etc., inhibit the response of labor to production requirements and thereby increase unemployment and skill shortages, the latter in turn contributing to inflation. I urge that a Presidential commission focus on developing active and effective governmental policies for dissolving artificial barriers to employment. Existing Federal institutions are concerned with discrimination based on age, race, and sex, but the reduction of labor market barriers involves many other issues of policy and legislation.

The viewpoints expressed in the symposium are not unanimously supportive of Dr. Holt's views. An attempt was made in selecting speakers and panel members to encourage dialogue and a divergency of views from labor, management, a variety of academic disciplines, and leaders in the employment service system itself.

Although this conference was designed to focus on ways to improve the employment service to be better able to meet the challenges that lie ahead, many references were made to the accomplishments of the last 40 years. Wartime services, emergency help for communities afflicted with natural disasters, and special help for the residents of economically depressed areas were frequently mentioned.

Appendices

Appendix A

Names of Those in Attendance

Mr. Wilbur J. Adams
Employment Service Administrator
Virgin Islands Employment Security Agency
St. Thomas, Virgin Islands

Mr. Robert Agena
Department of Labor and Industrial Relations
Hawaii Employment Service
Honolulu, Hawaii

Mr. John E. Aldridge
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Jackson, Mississippi

Ms. Inez L. Allen
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Mr. John Allmaier
U.S. Employment Service
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Mr. R. Keith Arnett
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Mr. Ruben Avelar
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Mr. A.W. Baird
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International Business Machines, Inc.
Bethesda, Maryland

Ms. Ruth E. Bandy
District of Columbia Manpower Administration
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Mr. Fred Barrett
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Montana Employment Security Division
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Mr. Lewis Barton
Manpower Administration
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Mr. Delmo L. Bass
State Manpower Administrator
Governor's Committee on Manpower Planning
Topeka, Kansas

Mr. Michael D. Batten
The National Counsel on the Aging
Washington, D.C.

Mr. Richard L. Beatty
Westat, Inc.
Rockville, Maryland

Mr. William R. Bechtel
Executive Director
State Manpower Council
Madison, Wisconsin

Mr. Robert R. Behlow
Executive Secretary
National Manpower Advisory Committee
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Mr. Kenneth D. Bell
Special Assistant to the Associate Manpower Administrator
U.S. Employment Service
Washington, D.C.

Mr. Gordon Bennett
State Manpower Director
Office for Planning and Programing
Des Moines, Iowa

Mr. Arthur Benson
Director, Division of Employment Security
Delaware Department of Labor
Wilmington, Delaware

Mr. Alfred E. Berndt
Division of Placements
U.S. Employment Service
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Mr. Maurice E. Birch
U.S. Employment Service
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Mr. Rowland Bishop
National Conference on Social Welfare
Columbus, Ohio

Mr. Walter R. Bivins
Deputy Executive Director
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Mr. H. Robert Borden
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Mr. Charles Boyle
Computing and Software, Inc.
Sacramento, California

Mr. Richard C. Brockway
Vice-Chairman
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Ms. Mary Browne
Manpower Development Specialist
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Mr. Thomas Bruening
Chief, Division of Experimental Operations Research
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Mr. Leonard Burchman
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Manpower Administration
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Mr. Lawrence A. Burley
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Interstate Conference of Employment Security Agencies
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Ms. Sue Burton
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Mr. Jildo Cappio
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Manpower Development Specialist
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Mr. Julian O. Colquitt
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Mr. P.J. Columbro
Deputy Regional Manpower Adminisrator
Manpower Administration
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Mr. Joseph W. Comtois
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Mr. Paul Corbin
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Veteran Employment Service
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President, HumRRO
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Mr. Lloyd E. Curtis
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Mr. William R. Curtis
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Mr. Howard Dellon
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Mr. John Z. DeLorean
President
National Alliance of Businessmen
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Mr. Ralph E. Deschler
Bethlehem Steel Corporation
Bethlehem, Pennsylvania

Mr. Robert A. Dignan
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Mr. Frank Dischell
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Mr. Alvan F. Frank
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Mr. Edwin F. Fultz
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Appendix B

Appendix to Chapter IV*

"Manpower Programs to Reduce Inflation and Unemployment: Manpower Lyrics for Macro Music"

Matching Workers, Jobs, and Services

A good deal is known about how workers search for jobs.** To an amazing degree they ask their brothers-in-law and their next-door neighbors. Workers are referred to training programs by the employment service all too often because they happen to be unemployed when the courses have open slots, rather than for any interest in the work for which they would be prepared. There is still a largely unmet need for public and private institutions to aid the millions of decisions on employment and employment-related services that workers and employers are constantly making.

As we have pointed out above, the important national issues of inflation and unemployment are significantly affected by the speed and quality of these individual decisions. Governments the world over have recognized the need and have responded by establishing public employment services and backing them up with various work-related service programs such as training, health, mobility, etc.

In this section we consider what could be done in the United States to improve the process of *matching* workers, jobs, and services. The services themselves are considered in subsequent sections, but their effectiveness depends to a critical degree on getting the right man in the right slot. Hence the employment service function is of critical importance.

A. *Background and Problems of the U.S. Employment Service*

Our Federal-State employment service system*** was established during the depression of the thirties to help unemployed workers find jobs. During the search process the parallel support of unemployment compensation was supplied by a sister agency. Both programs were financed with Federal taxes levied against employers but collected by the State governments. Public employment offices in the United States and Europe have long struggled under the onus of being the *un*employment offices. The USES has tended to handle low skill jobs, to focus on "placements" (often in very short duration jobs), and to have low paid staffs.

In 1965 an Employment Service Task Force chaired by George Shultz made a thorough review and recommended extensive changes many of which are yet to be implemented.* In recent years efforts have been made to make the employment service independent of unemployment compensation. New strategies for serving the disadvantaged and for using computer technology are under active development and testing. The computer listing of jobs is operational in over 70 cities. Extending broadened services to workers, em-

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*By Charles C. Holt and others, The Urban Institute Paper 350-28, December 1971, Washington, D.C.

**For example, see H.L. Sheppard and A.H. Belitsky, *Job Hunt*, Baltimore: Johns Hopkins University Press, 1966.

***For relevant background and international comparisons see: OECD, *Inflation, The Present Problem*, Report of the Secretary General, Paris, December 1970.

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Arnold L. Nemore and Garth L. Mangum, *Reorienting the Federal-State Employment Service*, Institute of Labor and Industrial Relations and the National Manpower Policy Task Force, Washington, 1968.

Stanley H. Ruttenberg and Jocelyn Gutchess, *The Federal-State Employment Service, A Critique*, Baltimore, Johns Hopkins Press, 1970.

The National Labor Market Board (Sweden), *Labor Market Policy, AMS' Budget Proposal for the Fiscal Year, 1970-71*, Stockholm, 1969.

*Efforts to implement some of their recommendations through legislation ultimately encountered opposition from the association of private employment agencies and the AFL-CIO while the interstate Conference of Employment Security Agencies gave only lukewarm support. See Nemore and Mangum, *op. cit.*, pp. 20-26.

We hope that the present urgency of the national inflation and unemployment problem will put parochial vested interests in perspective, and that national concerns will come first.

ployers, unions, communities, and training programs have been attempted but financial support for the employment service has not kept pace with the responsibilities added by the manpower legislation of the sixties.

The employment service makes 15 percent or less of the placements,* but of these roughly one-third are for jobs lasting 3 days or less. Of the placements made, roughly 97 percent were unemployed workers and only a few were employed workers seeking better jobs—they receive minimal service. In order to render maximum service to workers who need it most, three levels of service have recently been introduced. The most highly skilled workers would simply receive a listing of job referrals which are controlled through the Job Bank system.

The overall evaluation of the 2,000-office, 35,000-man, 54-State, $600 million budget employment service is that, somehow, its present performance falls substantially short of its objectives.**

The private employment agencies have organized the National Employment Association with 2,400 members, but its estimates that there are 9,000 agencies in the U.S. A survey made in 1969 with responses from 414 agencies indicated an average size of 10 "desks" per agency, making total placements of 225,000 for the year.

In addition to the public and private employment agencies, many unions, colleges, and professional societies maintain placement activities.

The picture that emerges is one of a highly fragmented market with perhaps 40 million workers placed in a year of whom only a relatively small fraction receive aid from public and private employment agencies.

To be sure, many people may not want or need any information or help, but there is evidence that searching for a job is a trying emotional and financial experience for many, if not most, people. Although some people change jobs without losing any work-time, most experience unemployment lasting on average about a month of search, but depending cyclically on the number of vacancies at the time. Something like 5 percent of those entering unemployment are still out of work 6 months later, and this makes no allowance for those who stop searching out of discouragement. Most dramatically, one could cite the correlation between suicides and unemployment.

The proper commitment of the employment service to the interests of employers and workers has been troublesome. During the thirties, when jobs were scarce, the employment service catered to the needs of the employer as the price for getting job listings. In recent years efforts have been made to stress the needs of the disadvantaged and unemployed. Perhaps as a result, job listings and placements have declined. Employers may avoid the employment service, if they associate its referrals with personnel problems later.

The Government has important responsibilities for the efficient functioning of the matching process because of: (1) important economies of scale in information processing and searching, (2) the unequal incidence of unemployment with its important *external* and equity aspects, and (3) the uneven impacts of inflation and inflation control with their external and equity aspects.

This background is important in understanding why the proposal to achieve new macro economic objectives through structural changes in the labor market will necessitate substantial broadening and redirecting of the employment service.

B. *Broadened Objectives*

The role of matching workers, jobs, and services is of pivotal importance in the operation of a manpower system. Since people and jobs are both complex and heterogeneous, a great deal of information is relevant. Consequently, the search process is costly and difficult. Complex individual differences in jobs and workers must be carefully weighed. Noting the additional requirment of speed in placements, we see that the matching function becomes the focal point of information processing and communication in the labor market between workers, employers, and work related services. The employment service should be responsive to the needs of their clients, not autocratically direct them or favor either employers or workers. Workers and employers should be helped to attain their diverse *individual* objectives. If the public employment service does not meet these needs, it will not be used, and hence will be ineffective in contributing to national economic goals.

No single bureaucracy is likely to be sufficiently responsive to meet these highly variegated

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*See L.P. Adams, *The Public Employment Service in Transition, 1933-1968*, 1969. Some more recent evidence indicates that placements in recent years have fallen presumably as the result of greater concentration on the needs of the disadvantaged.

**See Nemore and Mangum, *op. cit.*, pp. 63-67.

needs, so a system of competing but coordinated public and private agencies is proposed. If the needs of a worker, employer, or manpower service agency are not met in the system by one approach, others should be available. Yet duplication of effort and fragmentation of the communication system decrease efficiency and should be minimized.

Thus we should seek to build a loose, but coordinated, nationwide, comprehensive system to serve all occupations. This matching system should be directed toward the following broad objectives:

(1) Bring pairs of workers and employers into contact in such combinations that the mean search time to employment is low, but the quality of the placement is high measured in terms of job tenure. This rests in turn on high job satisfaction and, hence, low quit rates; high productivity and hence, low layoff rates; and good employment planning and hence, long job duration.

(2) Aid workers to find the particular training, health, mobility allowances and other services that will contribute to their growth in income, productivity, and job satisfaction.

(3) Aid employers to find the services that will enable them to reduce labor costs, increase productivity, and reduce turnover.

In meeting these objectives great weight should be put on flexibility, responsiveness to *individual* needs, and multiple alternatives for workers and employers. Priorities should be given both to placing the disadvantaged and to relieving inflationary labor shortages.

C. *Functional Specifications for the Matching System*

In moving ahead toward the design of a system to meet these objectives,* it is helpful to consider the functional requirements for the system as seen by its various participants:

Workers would benefit from a system with points of multiple access where they could: enter information on their capabilities and job preferences (including employment location any place in the country), receive counseling on search strategies, and have job vacancies searched for them using the dual criterion of satisfaction and productivity, with referrals for interviews arranged for the perhaps half a dozen most promising job opportunities.

In the event that a worker encountered difficulty in obtaining employment, the system would exert extra search effort or counseling, or, alternatively, would supply information about and referrals to services that would help him qualify for work.

The worker interested in upgrading might seek the training services or mobility aids. Workers would not need to be unemployed to receive full service.

Employers would benefit from a system with points of multiple access at their options where they could: enter information on their job requirements and inducements, receive information about the manpower supply, have files of worker candidates searched (locally, regionally, or nationally) using the dual criterion of productivity and satisfaction with interviews arranged for the perhaps half a dozen most promising candidates.

In the event that a vacancy proved hard to fill, the system would exert extra search effort or counseling, or would supply information or referrals to services that would help the employer to restructure his jobs, reduce the turnover of his present work force, substitute machinery for labor or otherwise meet his production needs, preferably without raising his unit costs, prices, or wages.

Private Employment Agencies representing workers or employers would have access to files of workers and vacancies in the public employment service including those of other private agencies with suitable fee splitting arrangements so that the advantages of both competition and cooperation would be obtained, and the market would not be fragmented.

Employment Related Service Programs would collect information on worker and employer needs, would establish the standards for the services that they are prepared to render, and would set criteria for selecting the workers and employers who would receive the services. Not only would this require close coordination with public and private agencies in local communities that organize such services, but governments at city, county, and State levels would need to coordinate plans for transportation, housing, economic development, health, and welfare programs that interact strongly with manpower plans.

Schools would be able to obtain labor market information for current and long range planning,

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*For a conceptual model and other research, see: C. C. Holt and G.P. Huber, "A Computer Aided Approach to Employment Service Placement and Counseling," *Management Science, 15*, July 1969, pp. 573-594.

and placement services for their work-study and vocational programs. Vocational counseling in the school setting would be provided by the system, and easy access to the adult placement services would be provided for school dropouts and graduates. Similar linkages would be provided for colleges.

Unions would operate their placement and apprentice programs in coordination with parallel employment service activities.

The Penal System, if its "graduates" are to be rehabilitated and employable, should be supplied with vocational counseling, training, work experience, and placement tailored to the needs of each individual inmate. A logical extension of the matching system could coordinate such services.

The Federal Government might set national policy targets relating to discrimination, poverty, restraint of inflation, diverting unemployment into training, etc., that would involve the coordination of and cooperation with local employment services and private agencies. Local considerations also should be taken into account in administering these priorities.

Clearly these functional specifications are a far cry from those actually achieved by our present institutions. The value in spelling them out is to dramatize the gap between what we need and should aspire to, and the indifferent service that workers and employers often report receiving from the employment service: "It wasn't very helpful," "They just showed me a computer listing of jobs," or "The workers that they referred weren't qualified." The employment service staffs, on their side, complain of too much recordkeeping and the lack of adequate time to spend on the problems of individual workers or employers.

All is not roses in the private sector either. Complaints are made that private employment agencies are not very helpful. However, they sometimes seem to have control of recruiting for certain jobs, and workers who want the jobs have little choice but to pay fees often equal to one month's salary to get them.

The key problem is how to design an organizational system that will be functionally coherent and start a process of evolutionary improvement that, as soon as possible, will be responsive, efficient, and fast in performing immensely subtle and difficult tasks for millions of workers and employers.

One summary point bears stressing. It is not very useful to workers or employers to shower them with large quantities of information that they must struggle through in order to find the few potential worker and job matches that will be of serious mutual interest. To be helpful, the knowledge dissemination needs to be highly selective and fully take into account the specific needs of worker and employer.

D. *What Needs to be Done*

These recommendations attempt to resolve key problems in the system so that a base would be laid for its gradual development guided by the functional specifications that are outlined above.

Since the employment service necessarily works closely with the other manpower service agencies, we touch on various employment related services that will be considered in later chapters. For ease of reference, the specific recommendations are numbered.

(Rec. IV-a) *Organizational Structure of the Employment Service*

In order to make the organization responsive to the needs of workers and employers, and to promote cooperation with private and other employment agencies, the employment service should be organized in three distinct divisions that carry down to the local offices.

(1) Occupational Guidance and Placement Service (Service to workers: counseling, information, testing, placement, short-term training, and referral to employment-related services, training, etc.)

(2) The Manpower and Productivity Service (Service to employers: counseling, information, recruitment, trouble shooting recruitment problems, and referral to industrial services, training, ect.)

(3) Labor Market Information Service (Computer matching, data collection, and analysis)

The Occupational Guidance and Placement Service and the Manpower and Productivity Service would each be expected to develop close relationships with their worker and employer clients respectively in order to be sensitive to and represent their respective interests. Placement referrals would involve the joint approval of counselors from *both* services. This involves a certain unwieldiness, but assures that both *worker* and *employer* interests are taken into account in referrals. The divisions of the employment service cannot function without working together so they

would learn to do so. But each service would always know who it was working for.*

Some flexible short-term training, motivational and informational programs would merge well with the job search process and probably should be readily available within the employment service. This would offer constructive fill-in activities of very short duration when vacancies suitable for referral are absent.

How many of the training, industrial, and other services were folded into the employment service divisions would depend on decisions made by the agency that coordinates the manpower programs in the community.

The Labor Market Information Service would develop and operate a balanced computer matching system for identifying the potential employment matches that would be both satisfying for the worker and productive for the employer. *This rests much more critically on industrial psychology and industrial engineering than on computing technology. Hence, this function should stress primarily the solution of manpower problems and only secondarily technical efficiency in utilizing data processing machinery.* Although the costs of information processing may appear high, shortening the relatively inefficient human search process should more than justify them.**

Because various services for moving workers occupationally or geographically or restructuring jobs may be the efficient way to achieve good matches, the computerized system should be integrated with the allocation of such services to workers and employers.

(Rec. IV-b.) *Design Performance Incentives for Staff*

In order to crystalize the objectives to be pursued by the employment service and to reward performance in meeting these objectives, salaries, promotions, and office evaluations should be geared to practical measurements that reflect national economic objectives.

The staff of the Occupational Guidance and Placement Service should be rewarded for making placements quickly but credit should be weighted by the duration of employment tenure that followed. Additional credit should be given for service to disadvantaged groups, individual workers with already long duration unemployment, and for upgrading the incomes of low-income workers.

Referrals to employment related services also should be rewarded as they contribute to these same objectives. Taking time to solve a health, motivation, or skill problem may be the quick way to make an *enduring* and *productive* placement.

Since placements would be weighted by employment tenure, the counselor could afford to take more time to find the right long-term job for a worker and not simply be concerned with making fast placements. Since tenure could be shortened by employer dissatisfaction, the counselor should also pay attention to employer needs as well as those of workers.

The Manpower and Productivity Service should be rewarded basically for filling *vacancies* quickly, but weighted by the duration of the employment tenure that followed. Additional credit should be given for service in filling long duration vacancies and for finding workers who would be productive in the jobs. The employer's concern is, of course, with labor costs, not wage rates per se.

Referrals of employers to services should be rewarded in terms of contributions to the same objectives. Restructuring jobs or changing skill requirements might be the quickest way to fill critical vacancies.

Since jobs can be terminated by quits, the counselors should also be concerned with worker satisfaction as well as the employer interest.

Since these performance measures would be influenced by general economic conditions and the qualities of the particular worker and vacancies that are involved, suitable adjustments derived from labor market theory and empirical tests, would have to be made in administering the incentive system—the point being that it is better to get rough measures of the relevant variables than to measure the wrong ones because they are easy. The individual counselor would have to be accorded a great deal of flexibility if he is to meet

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*This should help to resolve the question of whether the employment service is oriented toward the employer *or* the worker. It can not succeed without serving *both*. Efforts to arrange marriages are not likely to be very successful if the marriage needs of only the men are considered, to cite an obvious parallel.

The present emphasis of the employment service on the disadvantaged has yet to be fully successful in serving their needs, but if it does become worker oriented, the listing of vacancies by employers will be endangered and placements of the disadvantaged may decline. This effort is quite aside from the extra difficulties that may be involved in placing disadvantaged workers.

Some Community Action Agencies will act in the guidance and placement role in reaching particular groups of workers, just as some private employment agencies will.

**For example, see Samuel H. Cleff and Robert Hecht, "Job/Man Matching in the '70s," *Datamation*, February 1, 1971, pp. 22-27.

successfully the *individual* needs of workers and employers.

The purpose of the incentive system would be to reward the counselor for doing the kind of job that needed to be done. By proper rewards his efforts to improve his performance would contribute to the effectiveness of the system. But to make this approach work, the relevant variables must be reflected in the performance index.

The duration of search necessarily depends in large part on the aspirations of workers and employers. Hence, client evaluations should play an important role in the reward structure and in this way contribute to the responsiveness of the organization.

The performance of the Labor Market Information Service should appear in the effectiveness of the two operating services and could be rewarded in terms of their performance measures. However, rewarding on the basis of *direct* measures of services rendered may be more effective.

(Rec. IV-c.) *Interfacing with Private Employment Agencies*

Since the employment service bureaucracy has a great deal of inertia and may not easily respond to the enlarged responsibility that is proposed, the flexibility and stimulus of private competition is important. Also in this way the employment service will get access to types of vacancies and workers that probably could be reached in no other way, thereby helping to reduce market segmentation. Compliance with professional and ethical standards and data requirements should be made the basis for licensing private, employment agencies who would then be eligible for free services. They would be required to enter their vacancies and their worker descriptions in the files of the Labor Market Information Service and they would have full access to its computer matching and research services.

Workers and employers who wanted extra, or highly specialized services and were willing to pay for them, could approach private employment agencies without losing access to comprehensive listings of vacancies and workers. Alternatively, employers and workers could get free services directly from the employment service.

As before, referrals would require the joint agreement of two counselors serving worker and employer respectively, but one or both could not be from private placement agencies. Any fees collected by the private agencies would be split equitably when two agencies were involved in a placement.* The private fee schedules and services would probably not need to be regulated, provided their services and fee schedules were adequately publicized. However, the establishment of standard fee schedules would have to be considered in the event of collusive abuses in the private setting of fees. In any case, the availability of the free public service would be an effective check on any tendency toward excessive fees.

The costs of interfacing private systems, especially computerized ones, with the public systems should be borne by the government as an inducement to maximum national coverage. We would hope that the private agencies would see it in their interests to interface with the public system. In the event that they did not, the importance of reducing the present fragmentation of the labor market would probably justify requiring it by suitable legislation.

(Rec. IV-d.) *Design and Implement a Computer Matching System Incorporating Behavioral Relationships*

The employment service function is a mix of complex information processing which can be efficiently mechanized, and of personal counseling which cannot. The computer has a unique role to play in building the efficient man-machine system that is needed, but it must be designed to serve the human organization.

Unfortunately the *manpower* dimension of making the computer useful in this area has not been addressed by the employment service. Rather it has been largely treated as a computer problem.

Great effort has gone into implementing with great speed the Job Bank computerized vacancy-listing system. However, the developmental matching system for four test States have been underfinanced and the development of behavioral relationships has been largely neglected.

In contrast, the Department of Defense, with more generous funding, of course, has made a heavy investment over a 5-year period in behavioral research relating to the assignment of personnel to training programs and field slots. They

*The parallels in the private real estate market of the use of multilist cooperation between agents should be noted. Evidently profit-motivated real estate agents have found that the broader market that comes with the multiple listing system more than makes up in volume what it loses in splitting commissions.

have successful operational computerized systems for making "optimal" assignments.*

Also, some private computerized matching systems are operational that have incorporated the results of some limited behavioral research.**

We recommend a crash program to design, research, and field testing to develop a worker-job matching system incorporating variables and relations to predict job satisfaction, productivity, job tenure, etc. However, without a base of behavioral knowledge, computer specialists will have little effective guidance in how to manipulate the masses of relevant data and hence the resulting system can hardly be effective in meeting the needs of employers and workers. This effort needs the support of behavioral research (see Chapter IX), and should stress manpower problems and their relation to employment-related services rather than computing per se.

(Rec. IV-e.) *Upgrading Staff, Training, and Salaries*

The public employment service now accounts for roughly 15 percent of placements and private agencies perhaps for a comparable number. Hence it is likely that most people and employers receive no aid in their job hunting and recruitment problems. If the quality of service is to be improved and services are to be offered to almost all of the market participants, then a substantial increase in resources will be required. Increase of computing power can do par[illegible] the job, but most of it must come from inc[illegible]ses in staff.

Even when unemployment is low, we have over 100 people unemployed (and presumably searching the market) for every person in the employment service available to help. Hence it is virtually impossible for the employment service to be helpful to most of the unemployed. It is not surprising that many people regard the employment service as "not helpful."

Not only are much larger staffs needed, but professional qualifications in terms of counseling, industrial psychology, industrial engineering, etc., are sorely needed.* The needed expansion of staff offers the opportunity to upgrade and balance the service. To do so, salaries will need to be substantially increased. Finally, extensive staff training programs will be needed to upgrade staff capabilities and to absorb and apply the findings of the research and experimental programs. Indeed, some of the training should be oriented specifically toward participation in research programs and laying a basis for receptivity to new ideas and approaches.

(Rec. IV-f.) *Operation and Funding of a National Employment Service System*

We recommend that the Federal Government institute a national employment service and supply the funds needed to raise salary and professional levels, to expand coverage with the cooperation of private employment agencies to all skill levels, and to increase services to workers and employers. The objectives of reducing inflation, unemployment, and poverty would be stressed.

The key objective is, of course, to achieve a coherent system that *functions* nationwide. The administrative details are secondary except as they relate to this objective. However, we have had long experience with an almost fully decentralized system at the State level and we know without further experimentation that it is not doing anything like the job that our present inflation and unemployment require. Perhaps an infusion of Federal money and a nationally integrated computer system would produce major improvements, but the present decentralized bureaucracy has the capability and perhaps the inclination to block very rapid changes that are inherently threatening. Indeed, it is primarily because of the need for speed, rather than from a conviction that the States can't do the job eventually, which leads us to favor the national approach.

We think this can be made compatible with a decentralized and locally coordinated system of manpower *services* which is advocated by the

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*The four services of the Department of Defense have computerized personnel assignment models for training and job assignments. The assignment of 2,500 men to 150 jobs, which used to take 14 hours on a card sorter, is now done on a significantly higher quality level by computer in 1 minute. The decision criteria in the systems include the distances to be traveled by the assigned men, their job preferences, and the probability of the men's success. In the behavioral relationship between personal characteristics and likely success in training, 40 to 50 percent of the variation in training success is accounted for.

**For example see Cleff and Hecht, *op. cit.* The Cleff Job Matching System was developed using initially 29 cooperating employers, 57 job categories, and 150 chronically unemployed workers. Sixteen dimensions of work were identified which have been found to have statistical reliability in predicting the success of man-job matches. Subsequent tests were made with different companies and worker populations, some of them spanning two and a half years. The reported results, though preliminary, are encouraging.

*See Nemore and Mangum, *op. cit.*, for a discussion of the present qualifications of most interviewers and counselors.

Nixon Administration. Indeed a centrally administered, nationwide employment service may provide an essential ingredient in achieving an *effective* decentralized and decategorized manpower system that can achieve *both* local and national goals.

However, since the issue of Federal versus State is touchy, we will try to justify the recommendation of a national service as the better course without arguing that other approaches are not workable.

What is missing in the employment service picture in particular, and manpower programs in general, are: imaginative leadership in conceiving how we can accomplish the jobs that need to be done *and* resources to pay for them. Some of the State employment services are very effective organizations that have pioneered innovations. Full advantage should be taken of this capability, and the possibilities of experimentation at the State level. However, the Nation simply does not have the supply of talent to learn similar lessons 50 times over. Hence there is little alternative but to look to the Federal Government for coherent *leadership* in building and coordinating an efficient nationwide system.

Furthermore, given the existing strong States' rights and States-versus-Federal feelings and traditions in the employment service, there is probably no altenative but to inject substantial Federal support if the service is to be quickly upgraded and expanded, with minimum functional standards established for an effective national system. The upgrading and expansion should smooth the acceptance of the needed changes, but *strong* leadership would also be essential.

There is a great deal for all to do on every level of government. The Federal Government should take the lead in program and system design* and in setting national objectives, and State and local governments should concentrate on applying them locally taking account of local needs.

The American people have long shown by their high geographic mobility that *they* have chosen to live in a *national* labor market. Hence, fragmentation on State lines in the *functioning* of the employment service can only contribute to the barriers that segment the market and contribute to our inflation and unemployment dilemma. Indeed, an employment service that serves only certain employees, skill levels, or kinds of jobs, as is now largely the case, can actually increase market segmentation. The experiences of experimental geographic mobility programs indicate that this has, in fact, occurred (see Chapter VII). After a nationally functioning system is attained, the return later to increased decentralization might be considered.

*This general point is recognized by the retention by the U.S. Department of Labor of the Job Bank System in the proposed Manpower Revenue Sharing legislation.

E. *Costs*

Leaving until later the question of phasing the changes in level of activity, it seems reasonable to estimate desired expansion as follows. Probably less than 30 percent of placements are now aided by public and private employment services and other institutions. Thus, if aid and information are to be available for the remaining placements, capacities would need to be roughly *tripled.**

We assume that with more and better services to offer, private employment services would expand by the same proportion as the public service. Taking into account the desire to raise quality levels, this probably would give an underestimate of the needed expansion but is a reasonable interim planning target.

Organization for Economic Cooperation and Development (OECD) data for expenditures by various countries on their employment services expressed as a percent of the gross national product (GNP) are the following:

United States	.06
Japan	.20
Sweden	.15
Germany	.14
Belgium	.09
Norway	.08
Canada	.06
United Kingdom	.06

Since employment service operations are relatively labor intensive compared to other activities in the American economy and American wages are high relative to other factor inputs, it seems quite likely that our public expenditures on employment services are even lower relatively than these figures suggest. Clearly employment service activities in the United States could be substantially expanded before we catch up with the services offered in other countries or the need for them is saturated.

*Although many people now use no institutional placement aids, that is partly due to the limited service now available. Presumably use would increase substantially with the improvement in quality of service.

Using the Ruttenberg and Gutchess data on employment service salaries of counselors and interviewers in 1968-69, it appears that their salaries would need to be raised by roughly 24 and 16 percent respectively to be comparable to other workers in public and private agencies doing comparable work in the United States.

Thus we would get a rough estimate of the cost of expanding the employment service to nearly cover the whole market and raise its quality. Estimated fiscal 1972 expenditures for the U.S. Employment Service are about $600 million. Triple this, then add 25 percent to bring salaries into line and increase the professional level, and finally, add 5 percent to provide 10 days of training and staff development per year. This amounts to approximately $2.4 billion per year, or an increase of $1.8 billion per year. Additional private funds would go into the support of the increased activities of the private agencies. The revenue of private employment agencies currently amounts to about $.3 billion, so tripling services would require another $.6 billion. The tripling of private employment agency services in the last 10 years gives support to forecasting the usefulness of still further expansion.

A program of research, experimentation, and demonstration* including computer matching at the level of $25 million per year for 5 years should substantially establish the knowledge base that is needed. The subsequent expenditure level could then be reduced. Much of the needed computing capacity is already planned in connection with the Job Bank program but more would be needed. We have not tried to estimate these costs.

Thus, in total, we estimate that the increase in annual real social costs required to achieve full operation of the proposed public and private employment services would be approximately $2.4 billion. Because of the fees paid directly to the private agencies not all of these costs would be reflected in governmental budgets. However, this is the relevant cost in terms of resource requirements.

F. *Benefits*

Almost all of the evaluation studies of manpower programs fail to take into account their indirect effects or adequately account for the effects of market tightness. For example, we have estimates of unemployment and of the wages of workers who went through training programs but we don't know whether the wages and unemployment of the workers not in the program were affected by a vacuum or displacements effects. Similar studies of turnover rates and job tenures sometimes show dramatic improvements in response to changes made by particular employers, but we don't know what happened to other employers who may have been adversely affected by the transfer of their better workers.

On the evidence we would expect to reduce mean search time, i.e., unemployment duration by 5 percent. Similarly we would expect to reduce average turnover rates by 5 percent* through increasing the quality of placements.** These should reduce unemployment by approximately 10 percent which on a 4.5-percent unemployment rate would amount to a reduction of unemployment by about half a percent. According to Okun's rule the effect on real GNP should be at least triple that as a result of increased productivity and labor participation.*** However, Okun's law doesn't apply directly because the effect on GNP of a reduction in unemployment may be quite different when it results from a shift in the vacancy-unemployment relation, rather than from an increase in the ratio of vacancies to unemployment in response to increased demand. A more conservative estimate, which we use here and subsequently, is that a 1-percent decrease in the unemployment rate would increase real product by only one and one-half percent as a result of increased productivity, participation, and employment. On a trillion dollar GNP base that would amount to roughly a $7-billion increase in real national production.

Through reduction of imbalances in the labor market the inflation rate should be reduced somewhat, but we do not try to estimate this effect of improving the employment service function.

*Field demonstrations are extremely expensive but produce useful services quite aside from the knowledge gained.

*We recognize that not everyone will be helped by the availability of improved placement services. But those who are will probably have their unemployment duration and turnover reduced by greater amounts than estimated here.

**These estimates are intended to be conservative, but relevant evidence is sparse. Some measurements of turnover reduction through improved matches are on the order of 25 percent. For example, see Cleff and Hecht, *op. cit.* But basically we are trying to estimate the impact of a system that has never existed.

***Okun's rule relates a 1-percent decrease in the unemployment rate brought about by an expansion in aggregate demand to a 1-percent average in total productivity and a 1-percent increase in labor participation and, thus, a 3-percent increase in real national product. See A. Okun, "The Gap Between Actual and Potential Output," in *1962 Proceedings of the Business and Economic Section*, Washington, D.C.: American Statistical Association, 1963.

G. *Timing*

Such an expansion of activities would, of course, take several years to plan and execute, with quality coming before quantity. The planning, research, experimentation, and any enabling legislation should be started first. The extended program of experimentation and the gradual organizational conversion and buildup could proceed in parallel. The staffing, training, and expanding of operations should take place gradually.

H. *Qualifications*

The lack of adequate research on the dynamics of the labor market, the inflation process, and the indirect impact of employment service activities necessarily must qualify the above recommendations.

The tendency of easier placements to cause increased labor turnover should be noted. That is why it is *essential* to increase the *quality* of placements at the same time.* Improving *both* the speed of placements and extending job tenure should be consistent with the improvements in organization, mechanization, resources, professional level, and behavioral inputs that are proposed.

On net, even though the estimates are rough the benefits appear to compare very favorably with the costs.

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*This point should be kept in mind in current evaluations of Job Bank operations.